



House Bill 62
House Finance Committee
February 20, 2018

Chairman Oelslager, Vice-Chairman Scherer, Ranking Member Cera, and members of the House Finance Committee, my name is Tom Balzer, President & CEO of the Ohio Trucking Association and the Ohio Association of Movers. Collectively, we represent over 1,000 trucking, moving, logistics, and warehouse companies and allied vendor members. I would like to thank you for this opportunity to allow me to present my testimony on House Bill 62.

The trucking industry accounts for every 1 in 15 jobs in Ohio, with over 18,600 trucking companies domiciled in the state. We transport 83% of the total manufactured tonnage in Ohio or about 582,322 tons per day, and 82.2% of Ohio communities depend exclusively on trucks to move their goods. We are essential to our state's thriving economy.

In 2016, the industry paid 37% of all taxes owed by Ohio motorists despite trucks representing only 10% of the vehicle miles traveled in the state. In 2018, a typical five-axle tractor paid \$5,900 in state highway user fees and taxes, plus an additional \$8,906 in federal highway user fees and taxes. The approximately 74 million trucks that drove on Ohio roadways last year traveled only 12.1 billion miles of the 118.6 billion miles driven by all motorists. In addition, unlike other motorists, trucks pay fuel tax and registration fees on an actual pro-rated basis in the states in which we operate; we pay fuel tax in the states we use the fuel, not where we buy the fuel.

The average Ohioan currently spends \$146.30 per year on fuel tax or \$12.19 per month. This is based on an average of 12,906 miles driven by Ohioans according to the U.S. Department of Transportation Federal Highway Administration (FHWA) and an average fuel efficiency of 24.7 miles per gallon according to the United States Environmental Protection Agency. In addition, according to the United States Department of Transportation (USDOT), the cost of maintenance due to poor road conditions averages \$516 per year nationally. Here in Ohio, that number ranges from \$397 in Dayton to \$651 in Cleveland.

Fuel tax is the most efficient form of collecting the fees used for infrastructure. It costs 1% to administer the Federal Fuel Tax. In Ohio, the Motor Fuel Tax Administrative Fund is limited to 0.275%. Nationally, tolling has administration costs that range between 35%-45%; the Ohio Turnpike is one of the most efficient at 25%.

The fuel tax is also protected from diversion of funds. Ohio Constitution Article XII Section 05a states: "No moneys derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on public highways, or to fuels used for propelling such vehicles, shall be expended for other than costs of administering such laws, statutory refunds and adjustments provided therein, payment of highway obligations, costs for construction, reconstruction, maintenance and repair of public highways and bridges and other statutory highway purposes, expense of state enforcement of traffic laws, and expenditures authorized for hospitalization of indigent persons injured in motor vehicle accidents on the public highways."

Alternative sources of funding to avoid raising the fuel tax have proven to cost more and require further borrowing. Look no further than our Federal Highway Trust Fund for the proof. In the past two bills, Congress has attempted to implement alternative funding plans that did not generate the funds needed to

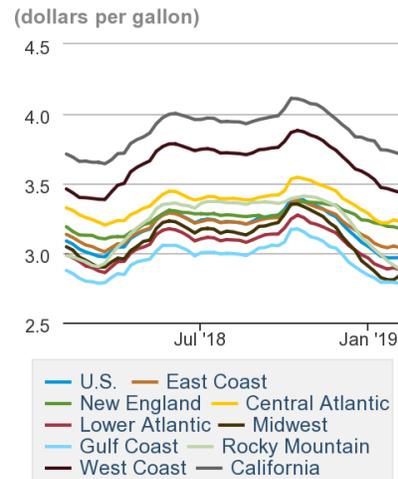
support the system, thus why we are in the situation we are in today. The first was pension smoothing which allowed companies to forgo mandatory payments into pensions and the offsetting increase in net income would lead to more tax revenues. The second was selling the Strategic Oil Reserve budgeted for sale at more than \$90 per barrel, when the time came to sell it, oil was selling for \$50-\$55 per barrel.

Our surrounding states have all made significant changes to their infrastructure funding while Ohio has done nothing. The average fuel tax of Ohio's surrounding states is 41.48 cents per gallon; and all of these states are also considering proposals to increase the fuel rate again this year or have indexing that will automatically increase the fuel tax. Kentucky is the only neighboring state with a fuel tax less than Ohio, but they also have other ways in which they tax such as a personal property tax on vehicles and a weight distance tax.

The impact to the trucking industry would be negligible as we already have processes and policies in place that account for these changes in fuel costs. The fuel surcharge is a fair, objective, and accepted method to deal with the changes in the fuel costs. The impact of a 7-9 cent raise in the fuel costs may adjust the surcharge by one percent. Furthermore, the sharing of fuel taxes among states and trucking companies basing their costing models off of the U.S. Energy Information Administration averages for either the entire United States or their operational region, such as in our case the Midwest, puts a state with the lowest fuel tax rates leaving money on the table.

Mr. Chairman, this concludes my testimony, and I would be happy to answer any questions.

On-Highway Diesel Fuel Prices



Source: Energy Information Administration