



BEFORE THE OHIO HOUSE FINANCE COMMITTEE
TESTIMONY ON HOUSE BILL 62
March 5, 2019

Good Afternoon Chairman Oelslager, Vice-Chair Scherer, Ranking member Cera, and members of the Committee. My name is Tony Long, and I am the new Director of Tax & Economic Policy for the Ohio Chamber of Commerce. The Ohio Chamber is the state's leading business advocate, and we represent nearly 8,000 companies that do business in Ohio. Our mission is to champion free enterprise, economic competitiveness, and economic growth for the benefit of all Ohioans.

The Ohio Chamber firmly believes that investment in transportation infrastructure supports a vibrant and dynamic economic environment and ensures that Ohio businesses can move and access the resources they need. Therefore, quality infrastructure is critical to the success of Ohio's business community and adequate funding of Ohio's roads, bridges, and other transportation infrastructure needs is vital to the health of our economy.

That's why I'm here today to testify in favor of Gov. DeWine's proposal to increase the Motor Fuel User Fee. Since 2010, 32 states have raised their state motor vehicle fuel user fees, including all five of our neighboring states. To rebuild and expand our roads and bridges, it is time for Ohio to do the same. The fee is the only existing revenue source that supports necessary funding on a long-term, sustainable basis, and is it a true "users fee" – those who drive on Ohio's roads pay for upkeep and expansion.

Though the Ohio Chamber supports the Governor's proposed increase for gasoline, our members would prefer that the diesel fuel fee rate be bifurcated and increased at a rate lower than the proposed increase for the gasoline portion of the fuel fee.

Already, the growing economy, combined with a shortage of drivers and therefore available trucks to move product, has required Ohio businesses to pay at a higher rate for standard shipping. Nationally, transportation costs are climbing at nearly double the rate of inflation rate. This in turn forces companies to spend more on shipping and to

consider raising their own prices to pass along the costs. This is, of course, not good for Ohio business or consumers.

An 18 cent increase in diesel would move Ohio well past the state average of 30.2 cents of fees per gallon and move Ohio to the sixth highest rate of fees on diesel fuel in the nation. I would like to point out that diesel cost impacts not only the interstate carriers, but also intrastate fleets, smaller delivery trucks, construction vehicles, and passenger vehicles.

In addition, Ohio is already an important state for logistics, and our logistics and distribution industry is growing rapidly. Ohio ranks fifth highest in the nation in warehousing and storage services, according to the U.S. Bureau of the Census' Bureau of Economic Analysis. Given how important the logistics and distribution industry is to Ohio's economy, a significant increase on diesel fuel fee rate would be counterproductive.

With these negative economic impacts in mind, the last thing the Ohio General Assembly should do is bifurcate the diesel and gasoline rates in order to further increase the diesel rate beyond the rate of gasoline fees. The Ohio Chamber would oppose such an approach.

Turning back to the rest of the governor's proposal, the Ohio Chamber is opposed to the use of a mechanism to automatically index the Motor Fuel User Fee to inflation. An automatic user fee increase with no review or consideration of actual needs faced by state agencies maintaining and repairing the transportation infrastructure of Ohio is imprudent. If an index mechanism is nonetheless deemed necessary, the Ohio Chamber suggests at least the incorporation of a trigger mechanism or a cap to avoid large yearly increases.

Finally, the Ohio Chamber has heard testimony and questions from members of this Committee during the deliberation of this bill on the topic of alternative fuel or hybrid vehicles. The Ohio Chamber agrees that all users of the transportation system should assist in paying for the construction, maintenance, and repair of the roadways. The Ohio Chamber favors the discussion of an appropriate fee for those users not paying fuel fees. If a fee is levied, it must be set at a reasonable level that does not deter the adoption of such vehicles.

On behalf of the Ohio Chamber, thank you for the opportunity to testify before this Committee. I look forward to answering any of your questions.