

Memo to: Governor Walker and Wisconsin legislators

From: Wisconsin Motor Carriers Association
Wisconsin Manufacturers and Commerce
Wisconsin Grocers Association
Midwest Food Processors Association
Wisconsin Petroleum Marketers and Convenience Store Association
Wisconsin Propane Gas Association
National Federation of Independent Business
Wisconsin Paper Council
Brakebush Brothers Inc
Duplainville Transport, Inc
Klemm Tank Lines
Kwik Trip, Inc.
Roehl Transport, Inc
Schneider National
Walmart
WEL Companies
US Venture, Inc

Date: June 29, 2017

Re: Opposition to the Ton Per Mile (TPM) Tax

We strongly oppose the current proposal being considered to assess a Ton Per Mile (TPM) tax on heavy trucks. The Wisconsin trucking industry alone paid 38 percent of all taxes owed by Wisconsin motorists last year, pay some of the highest trucking registration fees in the nation¹, and will continue to bear the brunt of additional efforts on taxes and other revenue generating mechanisms that won't disappear once this budget is completed.

In addition to adding a new taxing scheme that can be increased by future legislatures, the current proposal embarks on what could be a red-tape nightmare for those doing business in Wisconsin when trying to accurately calculate a Ton Per Mile tax. Currently there is no TPM tax collection mechanism for intrastate carriers and an extra layer of government reporting would be placed on Wisconsin trucking companies, particularly small businesses.

Targeting heavy trucks with a TPM tax to fix Wisconsin's transportation budget will raise the cost to do business here in Wisconsin, resulting in less routes through the state, increased prices for consumers and curtail new investment. Most of the coalition partners on this memo have either publicly or privately supported increasing revenue for transportation funding. Other options are available to increase infrastructure investment without jeopardizing Wisconsin's business climate.

¹ Federal Highway Administration. (2008). *Summary of State Motor-Vehicle Registration Fee Schedule*. Retrieved from: <https://www.fhwa.dot.gov/policyinformation/motorfuel/hwytaxes/2008/mv103pt2.cfm>.

As noted, Wisconsin's trucking industry paid 38 percent of all taxes owed by Wisconsin motorists last year, despite trucks representing only 10 percent of the vehicle miles traveled in the state.² As of January 2016, a typical five-axle tractor-semitrailer paid \$7,874 in state highway user fees and taxes in addition to \$8,906 in federal user fees and taxes.³ These taxes are over and above the typical taxes paid by businesses in Wisconsin.

In an industry with margins of pennies on the dollar, a 2.85 cent assessment on a semi-truck averaging 7 mpg is the equivalent of approximately a 20-cent fuel tax increase. This would apply to both interstate and intrastate trucking, creating a competitive local disadvantage with adjacent states.

While this tax might be a pass-through fee/tax to the consumer and recuperated by the carrier, brokers are looking for the most affordable freight rates, which is a key determinant of where they do business and carriers could be forced to eat the costs in an effort to compete for their business.

We understand that legislators and the Governor are seriously considering this option. We ask that you take the time to consider the negative impacts on Wisconsin businesses and reject the Ton Per Mile tax.

² Wisconsin Motor Carriers Association and American Transportation Research Institute. (2016). *Wisconsin Fast Facts*. Retrieved from: (http://witruck.org/wp-content/uploads/2015/05/WisconsinFastFacts_10-2016.pdf).

³ Wisconsin Motor Carriers Association and American Transportation Research Institute. (2016). *Wisconsin Fast Facts*. Retrieved from: (http://witruck.org/wp-content/uploads/2015/05/WisconsinFastFacts_10-2016.pdf).