
TRANSPORTATION FUEL TAXES IN PENNSYLVANIA

PROBLEMS AND SOLUTIONS



DRIVE ELECTRIC PA COALITION MEETING

NOVEMBER, 2019

Pennsylvania's Liquid Fuels and Fuels Tax Act (LFFTA)

- Used to calculate transportation fuel taxes (traditional and alternative)
- PA has the second highest state gas tax in U.S. (\$0.576/gallon)
 - If $> \$2.99$ /gallon, 19.25% of wholesale gas tax
 - If $< \$2.99$ /gallon, \$2.99 is used to calculate tax
 - Currently using this “price floor”
- Used to fund:
 - Highway maintenance
 - Highway capital projects
 - Bridge capital projects
 - Municipal roads

LFFTA– Alternative Fuels

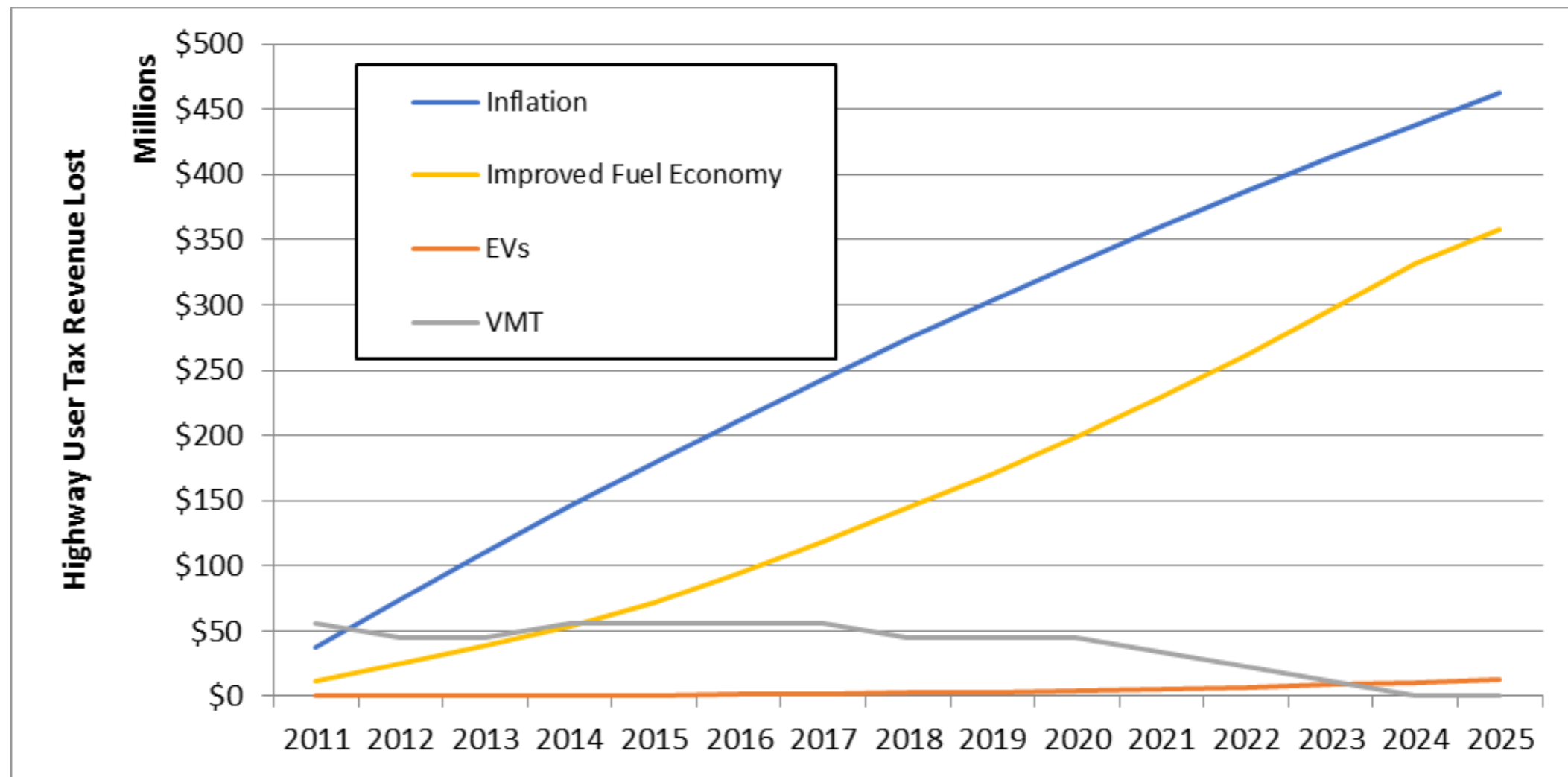
- Subject to an “Alternative Fuel Tax”
 - Intended to tax these fuels on a “gallon equivalent basis”
- Among alternative fuels, only electricity is subject to an additional gross receipts tax of 6.27%
- Language and process for reporting, as written, is confusing:
 - *“[Taxes should] be reported and paid to the department by each alternative fuel dealer-user rather than by distributors under this chapter similar to the manner in which distributors are required to report and pay the tax on liquid fuels and fuels”*
- Remittance by EV owners reportedly a problem

HB 1392's "Solution"

- "Fixes" the Alternative Fuel Tax
- Would impose a \$150-\$250 on EVs
- Concerns:
 - No other alternative fuels have this additional fee
 - EVs already pay an additional fee
 - Gives a "free pass" to heavy-duty CNG and propane vehicles
 - EVs pollute much less than gas cars, and shouldn't pay more
 - May disincentivize EV adoption

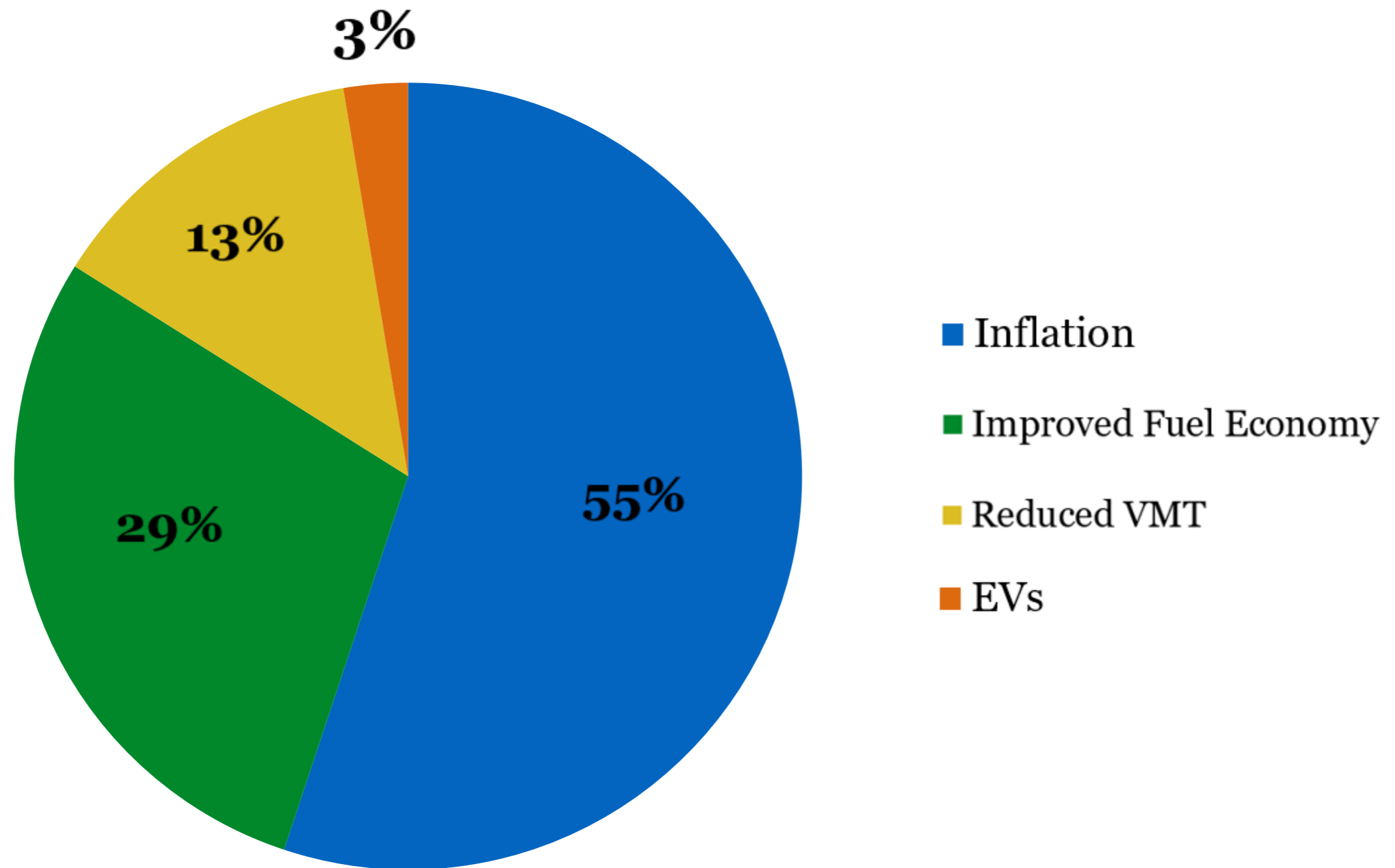
EVs Aren't the Issue in Pennsylvania

DRAFT*



*VMT numbers are not accurate and need to be updated

Projected Contributors to State & Fed. Fuel Tax Rev. Losses (2010-25)





A BETTER SOLUTION



Three Tools to Fix the Gas Tax

1. Index to inflation
2. Index to total fuel consumption
3. Tax alternative fuel vehicles fairly

Part 1: Tax EVs as if They Drove on Gas

- Fair
- Doesn't penalize
- Technology neutral
- Encourages energy efficiency

*(state fuel tax) * (1/MPGe) * (miles by light-duty vehicle)*



Part 2: Fixing the Other 97%

Single biggest loss = inflation

- Index to inflation
- Variable rate, 22 states + DC

Second biggest loss = reduced fuel consumption

- Inversely index to fuel consumption
- Accounting change
- Utility industry; revenue decoupling

Simple and Permanent

- Only fought once
- Minimal administrative costs
- Accommodates for efficiency and alternative fuels
- Driving habits/trends
- Influence consumer behavior
- Limited privacy or evasion concerns


For More Information

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EXPERT BLOG › MARK SZYBIST & KATHY HARRIS


PA's Gas Tax and Proposed Electric Vehicle Fees: A Primer

October 17, 2019 | Mark Szybist & Kathy Harris



NREL

Pennsylvania [House Bill 1392](#) proposes to fix a poorly designed state tax on "alternative" transportation fuels by imposing fees on electric vehicles (EVs) while leaving other types of alternative fuel vehicles subject to the flawed tax. As originally introduced, HB 1392 prescribed a \$150 annual fee on non-commercial EVs. In September, the House amended HB 1392 to raise the fee to \$250. (The House also

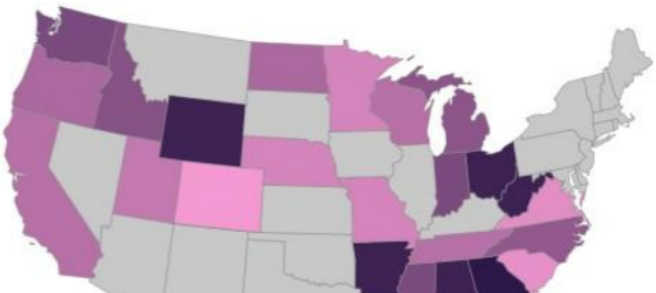
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EXPERT BLOG › MAX BAUMHEFNER

A Simple Way to Fix the Gas Tax Forever

August 02, 2019 | Max Baumhefner

Twenty-four states now impose special fees on electric vehicles (EVs) meant to make up for the fact EVs don't pay gas taxes (despite the fact they often pay local taxes on electricity). The average state EV fee of \$128 per year is more than twice what someone driving an efficient gasoline car pays annually in state gas taxes. That means state policy is inappropriately favoring many gas-powered cars over zero-emission vehicles. Such fees can significantly erode or completely erase the fuel cost savings that motivate consumers to buy EVs and they hit low- and moderate-income households the hardest.



THANK YOU

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