



**Senate Transportation Committee
&
Senate Environmental Resources & Energy Committee
Pennsylvania Petroleum Association
Hearing Testimony
January 29, 2020**

The Pennsylvania Petroleum Association represents over 400 petroleum industry stakeholders in the state.

We want to thank Majority Chairs Yaw and Ward and Minority Chairs Santarsiero and Sabatina and members of your committees for this hearing to focus on the critical questions manifested by the pending Georgetown Transportation Climate Initiative.

In our view, the development of the final memorandum of understanding that will be presented to Pennsylvania the other Northeast States has been less than transparent.

In regard to what we do know, PPA is strongly opposed to its adoption here in Pennsylvania.

The cap and trade program that would be imposed in the state would result in a significant increase in the cost of fuel to consumers. Even the proponents of the proposal estimate that this increase would be equal to 17 cents a gallon.

We believe that to be a conservative projection.

That would put an enormous burden on Pennsylvania motorists who already pay the second highest gasoline prices in the nation (with California the highest.) The burden on the people and economy by the imposition of this program is self-evident.

Another fact that should be taken into account is the probable loss of motor fuel tax revenue to those neighboring states that are not included in this proposal (West Virginia and Ohio).

Our members who market gasoline and diesel along the borders can attest to the significant loss of business that resulted from the last increase in Pennsylvania fuel taxes.

The other aspect of this proposal that needs to be considered is for what the intended use of the resulting revenue that will come to the states that participate in TCI.

The general theme we have picked up from the publications of the framers of the project are that the monies could be allocated for such programs as rebates to consumers for rebates to defer the cost of the purchase of electric cars (see news coverage below)

We believe burdening existing consumers to subsidize the purchase of EVs is extremely unfair and will not be received well by the public as people are further educated on the subject.

EV rebates may help those able to afford electric vehicles, but at the great expense to those that drive significant distances for employment or for purchase of everyday needs-especially in rural parts of the state.

Finally, the initial thoughts advanced by TCI regarding which segment of the petroleum distribution system would be responsible for collecting the new tax (point of obligation).

Pennsylvania would be best served by keeping the collection process at the current motor fuel tax collection point utilized in the state.

Again, PPA appreciates the opportunity to express our concerns regarding the TCI proposal.

We also recognize that the Wolf Administration has not yet decided whether to sign on to the final memorandum of understanding. We respectfully urge the Governor and the General Assembly to oppose the imposition of this burden on Pennsylvania.

Related News Coverage:

[Massachusetts Fuel Costs Could Go Up 17 Cents In First Year Of Regional Gas Fee Deal
https://www.bostonherald.com/2019/12/17/regional-gas-fee-agreement-could-raise-fuel-costs-by-17-cents-in-first-year/](https://www.bostonherald.com/2019/12/17/regional-gas-fee-agreement-could-raise-fuel-costs-by-17-cents-in-first-year/)

[N.E. States Mostly Quiet On Transportation Climate Initiative
https://www.ecori.org/climate-change/2019/12/24/regional-climate-transportation](https://www.ecori.org/climate-change/2019/12/24/regional-climate-transportation)

[Clean Vehicle Rebates Benefit Wealthy, White Californians, Study Finds
https://news.berkeley.edu/2016/11/07/clean-vehicle-rebates-benefit-wealthy-white-californians-study-finds/](https://news.berkeley.edu/2016/11/07/clean-vehicle-rebates-benefit-wealthy-white-californians-study-finds/)

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