

Statement of Ted Leonard
Executive Director, PA AAA Federation
To the Senate Transportation and Senate Environmental Resources and Energy
Committees
Hearing on the Transportation and Climate Initiative (TCI)
January 29, 2020

Good morning Chairwoman Ward, Chairman Sabatina, Chairman Yaw and Chairman Santarsiero and members of the Senate Transportation and Environmental Resources and Energy Committees. My name is Ted Leonard and I am the Executive Director of the Pennsylvania AAA Federation. Thank you for the opportunity to provide input on the proposed Transportation and Climate Initiative (TCI).

AAA is increasingly concerned about initiatives that increase costs to the motoring public while technology and car buying habits are making great strides in reducing green-house gas emissions. Here are some examples:

- a) Consumers purchasing new vehicles view fuel efficiency as highly important;
- b) Vehicle manufactures are advancing technology to meet the demand for fuel efficiency;
- c) According to AAA research, 40 million Americans have expressed interest in purchasing an electric vehicle with much lower costs for maintenance and low electricity costs as compared to gasoline.

Cost of Fuel

Gas prices weigh heavily on drivers in Pennsylvania. The 2013 Pennsylvania Transportation Funding Law raised gas taxes by 26.4 cents per gallon over four years. We supported the Transportation Funding Law for its benefits to our state's infrastructure. The most recent draft of the Transportation and Climate Initiative estimates that \$1.4 billion to \$5.6 billion will be collected from state fuel suppliers in 2022 alone and those costs will be passed on to the consumer. If that occurs, that would be an additional increase of 5 to 17 cents per gallon for Pennsylvania drivers. Adding that to the increase for the 2013 Pennsylvania Transportation Funding Law would yield a potential increase of 43.4 cents per gallon for

Pennsylvania drivers since 2013. According to AAA's gas price index¹, Pennsylvanians are already paying 22 cents higher per gallon than the national average (\$2.54). In fact, Pennsylvania's average gas prices are also higher than all its neighbors. (Pennsylvania=\$2.76; Ohio=\$2.50; West Virginia=\$2.54; Maryland=\$2.47; Delaware=\$2.30; New Jersey=\$2.61; and New York=\$2.71)

In a February 2018 survey conducted by AAA to gauge consumer's attitudes related to current gas prices, nearly half of consumers believed \$2.70 per gallon is too high². The same survey noted that 46% of the respondents said that they would drive more fuel-efficient vehicles as one option to offset higher gas prices. With gas prices steadily above the threshold for what is deemed too high by the Pennsylvania motoring public, consumers are already opting for more fuel-efficient cars.

Environment

Recognizing the importance of an effective balance between our need for mobility and independence and our need to preserve the environment, AAA supports efforts to improve motor vehicles and fuels. We also support the further development of alternative motor vehicle technology as long term solutions.

AAA believes that low and zero emission vehicle technology offers great promise in terms of improving vehicle efficiency and air quality while providing consumers with expanded transportation choices. AAA supports state and federal programs that offer tax credits to offset the current cost disadvantages of such vehicles and to stimulate consumer demand for them.

Policies intended to address climate change should consider emissions of greenhouse gases from all sources but should not compromise traffic or vehicle safety, and should not punish or disproportionately impact motorists. Technological innovations should be encouraged and policies should not hinder or

¹ <https://gasprices.aaa.com/>

² AAA National, Gas Price Omnibus Survey (February 2018), <https://newsroom.aaa.com/2018/03/q1-gas-price-report-2018/>

compromise mobility either by excessively increasing the cost of operating an automobile or by pricing consumers out of automobile ownership.

In the transportation sector, incentives could be developed to stimulate the use of alternative transportation modes, high-occupancy vehicles and carpooling, to promote the purchase of fuel-efficient vehicles and to increase the market penetration for alternative fuels.

Fuel Efficiency and Emissions

A 2017 AAA survey shows that when American consumers purchase a new vehicle, reliability is the most important factor in their decision. Fuel economy, safety and cost are viewed as the second most important factors in their decision³. As the decision to buy more fuel-efficient vehicles increases, the vehicle manufacturers are meeting that demand.

Regarding emissions, AAA supports Senator Ward's Senate Bill 742, in its original form. As technology has progressed it has become increasingly rare that newer model vehicles fail an emissions inspection. Senate Bill 742 would have exempted vehicles less than 9 years of age from the inspection. We were disappointed that the House Transportation Committee voted on a "gut and replace" amendment to create a study. AAA is confident that any study they conduct will show what we already know – these vehicles are not failing emissions testing.

AAA encourages the Senate to not accept Senate Bill 742 as amended by the House but to find a compromise to help consumers by eliminating needless emissions tests and costs.

Additionally, AAA also supports Senator Ward's Senate Bill 743 which passed the Senate in June 2019 and is in the House Transportation Committee. This bill would amend the Emissions Testing and Maintenance program to allow vehicles in the 25 participating counties to be tested on a biennial basis. During a Senate Transportation Committee hearing, according to the testimony submitted by PennDOT's Deputy Secretary for Driver and Vehicle Services, Kurt Myers, the

³ AAA National, Green Car Guide Omnibus Survey (March 2017), <https://newsroom.aaa.com/2017/04/consumer-appetite-electric-vehicles-rivals-pickups/>

average statewide price Pennsylvania drivers pay for an emissions inspection is \$39, and the average statewide failure rate in 2018 was approximately 3.7%. Furthermore, in Pennsylvania, between 2011-2017, an average of 5.7 million vehicles were tested each year and an average of 96 percent of vehicles passed the test, which demonstrates annual vehicle emissions testing is ineffective and outdated. We will continue to encourage the House Transportation Committee to pass this important piece of legislation.

Thank you again for giving AAA the opportunity to provide testimony on the proposed Transportation and Climate Initiative.