

## **WMCA OPPOSES OIL ASSESSMENT FEE**

The Wisconsin Motor Carriers Association opposes Governor James Doyle's proposal to enact an oil assessment fee in Wisconsin. The proposal includes a prohibition on passing the cost of the assessment onto consumers. The association opposes the measures because:

- Tax Will be Litigated - The anti-pass through provision invites litigation and places transportation revenues in jeopardy.
- Tax Could Result in Shortages – Even if the tax is found to be constitutional, it could result in fuel shortages in Wisconsin as oil companies move their product to other markets to avoid the tax.
- Tax Will Result in Fluctuating Revenue - Unlike the existing gas tax, which is an excise tax on each gallon of fuel, taxes on gross receipts will fluctuate wildly, depending on the price of fuel. As an example, the average retail price of gasoline was close to \$4.00 per gallon last fall, dropped to around \$1.80 per gallon in January, and has now moved back up over \$2.00 per gallon.
- Wisconsin Truckers Will Pay More than Those Out of State – The current proposal will not permit Wisconsin to calculate the impact of the tax on diesel fuel for the International Fuel Tax Agreement (IFTA). If the no pass-through provision is found to be unconstitutional, Wisconsin truckers will pay for the tax at the pump, but out of state truckers utilizing Wisconsin highways would not be required to pay the tax unless they filled up in Wisconsin.
- Potential for Diversions - The revenue raised from the oil fee would be deposited in the Transportation Fund. Unfortunately, there still are no safe guards in place to prohibit the diversion of money from the Transportation Fund for other purposes, as has been done numerous times over the last six years. Raising transportation taxes again should not be considered until fund raids cease and fund integrity is restored.
- Wisconsin User Fees Are High – Wisconsin Highway user fees for truckers are very high. With the 30% increase in truck registration fees in 2007, Wisconsin now ranks in the top ten in the country for both fuel tax and registration fees paid by truckers. The problem is not low user fees; the problem is that the funds are not being used for transportation purposes.