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FOR IMMEDIATE RELEASE
July 6, 2017

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Trucking Industry Blasts Massive Tax Increase on Trucks

Madison - As the Wisconsin Legislature struggles to pass its version of the 2015-17 budget due to disagreements on the transportation portion of the budget, a remarkably bad idea to significantly raise taxes on the trucking industry has surfaced which seeks to find a solution to this impasse. However according to Wisconsin Motor Carriers Association (WMCA) President Neal Kedzie, the idea will only create more problems and harm businesses, consumers, and Wisconsin’s economy.

At issue is a proposed tax on trucks of 2.85 cents-per-mile on commercial trucks weighing 59,000 pounds gross vehicle weight rating (GVWR) or more. The only class of trucks in this weight category is semi-trucks. This type of tax exists in only four other states: Kentucky, Oregon, New York and New Mexico and would be assessed both on interstate (travel outside state borders) and intrastate carriers (only traveling within the borders of the state). This massive tax increase on the trucking industry may raise hundreds of millions of dollars for the transportation fund, but according to Kedzie, it will come with a much greater and harmful cost.

“While it may be very easy to target one type of vehicle in one specific industry, what lawmakers who support this plan fail to understand is the trucking industry is currently the single largest payer into the transportation fund.” said Kedzie. “Thus, demanding trucking companies pay even more to fund transportation projects is not only short-sighted, it will harm consumers and the delivery of goods across the state.”

According to the American Transportation Research Institute, the trucking industry paid 38 percent of all taxes and fees owed by Wisconsin motorists as of January 2016, which averages out to \$7,874 for a typical five-axle tractor-semitrailer in addition to \$8,906 in federal user fees and taxes. Kedzie says that if the Legislature adopts this ill-conceived tax plan, Wisconsin will jump from the 15th highest state for taxes and fees placed on trucking companies in nation to the 4th highest. He believes that such a move would not only be bad for trucking companies, but bad for Wisconsin as a whole.

“We believe other options exist which can be implemented to both generate more revenue and address years of spending abnormalities by the Wisconsin DOT.” Kedzie continued. “For example, the Legislature could follow the Minnesota plan to dedicate a portion of sales tax from auto parts to their transportation budget as well as all sales taxes from rental cars and leased vehicles. Further, the Legislature should allow the Department to implement numerous cost saving measures identified in a DOT audit that could bring in an additional 100 million dollars and deal with inefficiencies costing Wisconsin motorists hundreds of millions of dollars over the last two decades.”

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Wisconsin Motor Carriers Association

Neal Kedzie, President

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Kedzie said that trucking companies understand the need for safe and reliable roadways, especially in our consumer-driven economy which relies on trucking to move 84 percent of manufactured tonnage in Wisconsin and nearly 70 percent of all goods. The industry has expressed its willingness to accept a modest increase in the fuel tax which would be shared by all highway users, not just one category of user. In fact, the Wisconsin Motor Carriers Association has been on record for several years now in support of a five cent increase to the fuel tax. A 2.85 cent-per-mile tax on trucks, however, would be the equivalent of a twenty cent fuel tax hike and that is simply too much and too sudden of an impact to the trucking industry.

“Wisconsin trucking companies are committed to working with the legislature and interested parties in finding equitable and long-term solutions to funding our highway infrastructure. They have a vested interest in doing so, as it's where they work and how they deliver goods from producers to consumers, Kedzie concluded. “But a new super tax that targets one type of vehicle and industry is not the solution and it is certainly not equitable; the proposed massive tax on trucks will only harm Wisconsin trucking companies and ultimately, harm Wisconsin consumers.”

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