



Testimony of the Trucking Association of New York
for the
Joint Legislative Budget Hearing on Transportation
January 28, 2020

Good Afternoon. My name is Kendra Hems and I am the President of the Trucking Association of New York (TANY). Thank you for the opportunity to speak before you today.

TANY is a not-for-profit trade association which represents the interests of the trucking industry in New York. It should be noted that in New York, the trucking industry is primarily small business, operating less than 20 trucks. These small businesses have a significant impact on New York's economy. Nearly 90 percent of New York communities depend exclusively on trucks to move their goods and 94 percent of all manufactured goods are transported by trucks.

In terms of investment in our infrastructure, the trucking industry pays \$1.2 billion in state and federal roadway taxes in New York. This equates to trucks contributing 35% of the taxes owed by all New York motorists, despite trucks representing only 7% of vehicle miles traveled in the state. To break it down to a per truck basis, a typical five-axle semitrailer combination in New York pays \$20,827 in state and federal highway user fees, nearly \$12,000 – more than half – of which is attributable to New York registration fees, fuel tax and weight distance taxes. Keep in mind this number does not include road and bridge tolls, which bring the user fees per truck significantly higher. New York currently ranks as the fifth most expensive state in the nation in which to operate a commercial vehicle, and is the second most expensive state in the Northeast.

Not included in the fees previously mentioned are the administrative and operational burdens associated with doing business in New York State. Specific to transportation, New York remains only one of four states which continue to collect a highway use tax (HUT), and it is the only state in the Northeast. The tax creates an additional administrative expense to trucking companies operating in New York.

The reporting requirements of the HUT are burdensome and complex. Calculation of a motor carrier's tax burden depends on a variety of factors including the weight of the vehicle and the miles traveled on New York highways. A motor carrier could potentially be subject to over 50 different tax rates depending on the method they choose to file, the characteristics of their fleet, type of cargo and their operating location.

The tax is self-reported by motor carriers and the ability to enforce the law is limited. As a result, there is little risk to those who underreport mileage or do not report mileage at all. This is especially true for out-of-state motor carriers, who may be more inclined to underreport their mileage in New York due to the administrative burden of paying the tax. Evasion of the tax is a serious issue that results in lost revenue to the state, and inadvertently results in an unfair competitive disadvantage to New York carriers. If an out-of-state carrier neglects to report their New York miles, they are not only failing to pay the HUT, they are failing to pay other mileage-based taxes, including those under the International Fuel Tax Agreement and the International Registration Plan, resulting in significant revenue loss to the state.

TRUCKING ASSOCIATION OF NEW YORK

TANY has long supported the repeal of the HUT and has advocated for an increase in registration and fuel tax to replace the lost revenue. An increase in registration and fuel tax would affect all trucking companies operating in New York, generating necessary funds for investing in our infrastructure, while eliminating an onerous, antiquated tax that puts New York's trucking industry at an economic disadvantage.

In consideration of HUT repeal, it is important to look at costs to the trucking industry holistically. The Port Authority of New York and New Jersey recently implemented toll increases across their bridges and tunnels, now bringing the toll for a typical 5-axle tractor trailer to \$90 if using E-ZPass and \$110 if paying cash just to cross the George Washington Bridge. The NYS Thruway has proposed increasing tolls on the Gov. Mario M. Cuomo Bridge. If enacted, commercial vehicles will see a 70% increase over current tolls by 2022, bringing the bridge toll to \$55.77 if crossing the bridge during peak hours with E-ZPass. Congestion pricing is anticipated to be implemented in New York City beginning in 2021. While we do not yet know what the commercial congestion fee will be, we do know that it will be another cost that the trucking industry will be forced to bear as they have no option but to enter the congestion zone to make necessary deliveries to sustain the economy.

On the environmental front, programs like the New York Climate Leadership and Community Protection Act and the Northeast Transportation and Climate Initiative will also result in additional costs to the industry. Whether it be through increases in fuel taxes due to cap-and-trade or cap-and-invest programs, or additional costs associated with investing in cleaner vehicles, the trucking industry will be forced to pay more as these environmental initiatives move forward.

Certainly, the industry supports protecting our environment. Already the industry has made great strides in reducing emissions through advancements in engine technology and fuel refinements. However, resources are limited. Trucking is not a cash cow. Particularly in New York, where trucking is primarily small and locally owned business, most companies have operating ratios of only one to two percent. As the industry is forced to pay more in tolls and taxes, over and above the typical taxes paid by businesses in New York, they have less resources available to invest in newer, cleaner equipment.

Elimination of the HUT would go a long way in providing relief to the 36,000 small trucking companies located across New York state, providing necessary resources for investment in newer equipment, technology and safety.

Recent studies have projected that the nation's total freight volume could grow by over 28 percent through 2030. Over 68 percent of that freight will be carried by truck, equating to 14.19 billion tons, a 23.5 percent increase from 2018. The industry continues to find new efficiencies in order to meet the increase in demand, while trying to minimize the need for additional trucks on the road. However, even today the industry is struggling to meet demand, in large part due to a significant shortage of qualified commercial drivers.

A recent study conducted by the American Trucking Associations (ATA) calculated a shortage of 50,000 drivers nationwide at the end of 2017. The shortage is estimated to reach a shortage of 174,000 drivers by 2026. When polled, the driver shortage is cited as the number one issue facing our member companies.

Several factors contribute to the shortage – an aging workforce, the fact that a driver between the ages of 18 and 20 can only drive commercial vehicles within New York's borders, the requirement that a driver must be at least 21 years of age to drive a 5-axle tractor-trailer, and the fact that many individuals do not view the trucking industry as a viable career option.

TRUCKING ASSOCIATION OF NEW YORK

The trucking industry provides well-paying careers at a low cost of entry. There are many job opportunities that result from beginning a career as a professional driver. In New York, the average annual salary for a driver is estimated at over \$48,000. However, we have member companies that are paying drivers over \$75,000 annually depending on commodity hauled and where they are located in the state.

The age gap from when a potential employee graduates high school at 18 years of age to when they can legally drive a truck at 21 years of age is a significant burden for recruiting a new generation to the trucking industry. TANY supports allowing drivers between the ages of 18 and 20 to operate a commercial motor vehicle within New York state to begin the training process. TANY is first and foremost a safety organization. The program would include strict oversight, significant training, qualifications and follow-up before being allowed to drive on their own. TANY does not advocate for putting 18 – 20-year old drivers behind the wheel with no experience or training.

As previously mentioned, trucks are critical to the economy of New York. The inability for trucking companies to hire qualified drivers impacts their ability to service their customers, potentially creating supply shortages and delivery delays. Many motor carriers have indicated they have equipment sitting idle in their yards simply because they can't find drivers to drive the trucks.

A strong, healthy trucking industry is vital to the economy of New York state. As freight continues to increase dramatically over the next decade, trucks will remain the primary mode of transportation. In order for the industry to continue to support the economy, they need to be able to invest in their operations. The repeal of New York's onerous Highway Use Tax and the ability to train and hire a new generation of workers are two priority areas that would provide much needed relief and support to this critical industry.

Thank you for your time today. I would be happy to answer any questions.



New York

TRUCKING FAST FACTS

TRUCKING DRIVES THE ECONOMY

CAREERS

286,500

Trucking industry jobs
in New York (2017)



That's **1 in 28** jobs in the state

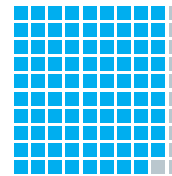


SMALL BUSINESS EMPHASIS



Trucking companies located in
New York (2017). Primarily small,
locally owned businesses, these
companies are served by a wide range
of supporting businesses.

TRANSPORTING THE ESSENTIALS



89.2%

of New York communi-
ties depend exclusively
on trucks to move their
goods.



Percent of total
manufactured tonnage
transported by trucks
in the state. **That's
397,480 tons per day.**
(2012)

COMPETITIVE WAGES

- Total trucking industry wages paid in New York in 2017 exceeded **\$15.0 billion**, with an average annual trucking industry salary of **\$52,470**.
- Heavy and tractor-trailer truck drivers held **58,870** jobs with an average annual salary of **\$48,460**
(U.S. Bureau of Labor Statistics, May 2018).

SAFETY MATTERS

SAFETY FIRST

Trucking Association of New York members put safety first through:

- ✓ Improved driver training
- ✓ Investment in advanced safety technologies
- ✓ Active participation in industry safety initiatives at the local, state and national levels

CONTINUALLY IMPROVING

2016 fatal crash rate per
100 million Vehicle Miles
Traveled (VMT):

NY **1.23**

USA **1.34**

71% The amount by which the U.S.
large truck fatal crash rate has
dropped between 1975 and 2016.

COMMITMENT TO SHARING THE ROAD



The **Share the Road** program sends a team of professional truck drivers to communities around the country to teach car drivers about truck blind spots, stopping distances and how to merge safely around large trucks, all designed to reduce the number of car-truck accidents.



New York

TRUCKING FAST FACTS

\$ TRUCKING PAYS THE FREIGHT

THE INDUSTRY

\$1.2 billion

Amount the trucking industry in New York paid approximately in federal and state roadway taxes (2016).

The industry paid **35%** of all taxes owed by New York motorists ...

... despite trucks representing only **7%** of vehicle miles traveled in the state.

INDIVIDUAL COMPANIES

As of April 2018, a typical five-axle tractor-semitrailer combination in New York paid:

\$11,793 + **\$8,906**
state highway user fees and taxes federal highway user fees and taxes

These taxes were over and above the typical taxes paid by businesses in New York.



ROADWAY USE

113,499

Miles of public roads in New York (2016).



8.0 billion

Miles driven by trucks on public roads

122.9 billion

Miles driven by all motorists on public roads

TRUCKS DELIVER A CLEANER TOMORROW

EMISSIONS

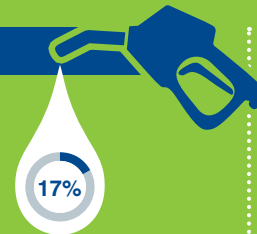
Through advancements in engine technology and fuel refinements:

- ✓ New diesel truck engines produce **98%** fewer particulate matter (PM) and nitrogen oxides (NOx) emissions than a similar engine manufactured prior to 1990.
- ✓ Sulfur emissions from diesel engines have also been reduced by **97%** since 1999.

FUEL CONSUMPTION

The trucking industry continues to improve energy and environmental efficiency even while increasing the number of miles driven. In 2016:

- Trucks accounted for just **17%** of the total highway transportation fuel consumed.
- Trucks consumed **100 billion** fewer gallons of fuel than passenger vehicles in the U.S.



PARTNERSHIPS

As a Smartway Affiliate, the Trucking Association of New York and the trucking industry are working in tandem with government and businesses to quantify greenhouse gas emissions and take steps to reduce them

