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Welcome to 2017 from Pennsylvania - Driving Just Got More Expensive

STATE AND LOCAL TAX, TAX, TRANSPORTATION & LOGISTICS
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The Commonwealth of Pennsylvania raised the wholesale motor fuels tax on gasoline by 8 cents on January 1, 2017. They have also increased the tax on diesel fuel by 11 cents. The gas tax is now 58.2 cents per gallon and is the highest in the nation. The tax on diesel increased to 74.7 cents per gallon. This tax increase was approved back in 2013 with the Act 89 Transportation Bill.

The positive news is that the tax increase is expected to generate \$299 million in revenue for the Pennsylvania Department of Revenue. This will help to provide the resources for some much needed improvements on state highways and local roads. The current plan is to invest \$267 million into state highways, and the balance, \$32 million, will be invested into local roads.

In a related development, tolls on the Pennsylvania Turnpike will increase for a ninth year in a row by 6 percent on January 8, 2017.

The question remains as to how Pennsylvania drivers and trucking firms will react to these increases. Will trucking companies encourage their drivers to fuel up before entering Pennsylvania? Will more drivers avoid the Pennsylvania Turnpike and use roads like Interstate 80 to cross through the state? Will the improvements to the state highways and local roads be worth the increased taxes and tolls? We should know more about the answers to these questions in 12 months when we are ringing in 2018.

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