



DUEY STROEBEL

STATE SENATOR • 20TH DISTRICT

Testimony on SB 179

May 7, 2019

Good morning members of the Senate Committee on Government Operations, Technology and Consumer Protection. I think all of us have had the chance to stand at a gas pump in our state and notice the mandatory sticker certifying that the pump is accurate and ready for commercial use. SB 179 seeks to make these mandatory stickers more informative to the driving public by including information about state and federal gas taxes.

In the vast majority of instances, when a consumer goes to purchase something in Wisconsin, the price advertised is the actual price not including applicable taxes. With this approach the tax is broken out in a separate line item on an invoice or receipt, making it fairly easy to see how much of a tax the government collected on the transaction. With fuel, however, the price that is advertised includes the tax, making discussions at the state or federal level about potential adjustments to the gas tax a somewhat academic exercise. It's difficult to keep track of how much you pay in gas tax per fill up when the price at the pump and the price on the receipt simply rolls everything together.

SB 179 requires the Department of Agriculture, Trade and Consumer Protection to include on the mandatory stickers the per-gallon state and federal fuel tax. Two states, Washington and Texas, have passed similar legislation and numerous other states are currently moving forward with legislation like this.

The federal per gallon gas tax is 18.4 cents and the federal per gallon diesel tax is 24.4 cents, amounts that have remained the same since 1993. The state per gallon fuel tax is 30.9 cents, regardless of whether the fuel is gasoline or diesel. Disclosing this amount on mandatory fuel pump stickers would ensure that consumers are well informed about the taxes they are paying.

As a practical matter, fuel pumps in municipalities are inspected approximately once a year, and fuel pumps outside of municipalities are usually inspected once every two years. Any change to the gas tax would be reflected by a new printing of these stickers, which would eventually be phased in over the normal inspection cycle of these fuel pumps.

Wisconsin has a proud tradition of transparent government and an informed public. SB 179 is another step in this great tradition.

Thank you.

Rob Hutton

STATE REPRESENTATIVE • 13TH ASSEMBLY DISTRICT

May 7, 2019

To: The Senate Committee on Government Operations, Technology and Consumer Protection
From: Rep. Rob Hutton
Re: Senate Bill 179

Testimony of Rep. Rob Hutton in Support of SB 179

Mr. Chairman and members of the committee, thank you for giving SB 179 a public hearing. This is an important issue of government transparency and accountability, and strikes at the very core of good government. Currently, citizens are in the dark regarding the gas tax. Nearly every item purchased on a daily basis is priced with tax separately, allowing consumers to understand the breakdown of the tax and the cost of the item. Gas, priced with both the state and federal tax included, is an outlier. For the average driver, they pay around \$6.00 in taxes every time they fill up. For the average minivan, this number rises to \$10.00, placing a disproportionate burden on families who often need larger vehicles.

In an effort to increase transparency surrounding the gas tax, SB 179 would require that the Department of Agriculture, Trade and Consumer Protection develop a sticker that displays both the state and federal gas tax. These stickers would be placed on all gas pumps around the state during routine inspections. There would be no undue burden or unfunded mandate on gas providers. This is a simple and fiscally wise solution that makes significant strides in transparency. Currently, similar measures are being considered in Massachusetts and Ohio. Washington has already implemented bipartisan gas transparency measures with a fiscal of 4,000.

Thank you again for hearing SB 179. I believe this discussion is an important one to have. We all agree that our roads need to be taken care of, and our interstates must be safe for drivers. Yet, in order to make wise choices regarding the transportation funding, we need to have all the facts. The mom driving the minivan with her children, or the college student, or the businessman all deserve transparent government, and this extends into clear information regarding the gas tax. This would put the gas tax on a level plane with almost all other taxes we pay on a daily basis, and takes another step to ensure accountability and transparency. I am happy to take any questions at this time.



**AMERICANS FOR
PROSPERITY.**

WISCONSIN

Testimony in Support of the Gas Tax Transparency Act

Thank you, Chairman Stroebel and Members of the Senate Committee on Government Operations, Technology and Consumer Protection for the opportunity to testify in support of the Gas Tax Transparency Act. This legislation will provide much needed transparency for Wisconsin citizens on how much we all are paying at the pump – just like how the amount of sales tax is included on receipts.

Wisconsinites currently pay 32.9 cents per gallon in state gas taxes alone every time they fill up. On top of the state gas tax, we are also required to pay 18.4 cents per gallon in federal gas taxes. These taxes are a significant expense for families throughout the state. Senate Bill 179 is a simple bill that will increase transparency for Wisconsin families, which is especially important in a time when gas tax increases are being considered at both the state and federal level.

All Wisconsin residents deserve to know how much they are paying in taxes every time they fill up their tanks. The Gas Tax Transparency Act will help us achieve this goal. AFP thanks Senator Stroebel and Representative Hutton, the authors of this bill, for bringing this simple, yet important, reform forward. Americans for Prosperity - Wisconsin fully endorses Senate Bill 179's efforts to increase transparency in the taxes paid by citizens in Wisconsin. We respectfully encourage committee members to continue moving this bill forward in the legislative process.

Thank you, Chairman Stroebel, for the opportunity to testify in support of Senate Bill 179. We are happy to take any questions.



State of Wisconsin
Governor Tony Evers

Department of Agriculture, Trade and Consumer Protection
Bradley M. Pfaff, Secretary

May 7, 2019

Dear Senator Stroebel and the Members of the Senate Committee on Government Operations, Technology and Consumer Protection:

Thank you for letting us submit comments on Senate Bill 179: displaying gas taxes on gas pumps. The Department has had a chance to review the bill in its entirety. For the fiscal estimate, the Department assumed it would produce stickers and it projected those sticker costs. However, if the bill were to become law, there would be certain other fiscal and logistical challenges not included. We have divided the impact between the Department and business and industry.

Impact on DATCP

As pointed out in our fiscal estimate, "Gas pumps in cities and villages receive annual visits on average. Pumps outside cities and villages are checked about once every two years. There are no provisions in the bill that indicate how frequently stickers would need to be changed or what occurs if a sticker requires replacement between inspections." Our fiscal estimate presumed the stickers would be placed solely when inspecting a gas pump. The estimate did not cover any additional visits by state or municipal weights and measures inspectors or sealers that would occur for the sole purpose of sticker replacement. That would significantly affect the costs by increasing labor and the time between inspections since some inspector visits would solely occur for sticker affixation that would otherwise be spent on tank inspection. The Department has identified 3,211 locations that will require at least one sticker placement.

From 1985 to 2006, the Wisconsin gas tax fluctuated every year based on indexing that considered inflation and fuel consumption. The 2016 Wisconsin legislative study, "No Easy Answers," and the Transportation Development Association in 2017 called for the resumption of indexing. Should indexing resume, inspectors or sealers would need to visit the 3,211 sites at least annually for the sole purpose of sticker affixation.

The law clearly takes effect on July 1, 2020. Less clear is whether stickers may be placed in advance. If they cannot, the Department will have a flurry of activity and costs in July 2020 as every gas pump in the state must be visited for sticker affixation.

As pointed out in our fiscal estimate, "Since the Department does not collect or receive federal or state gas taxes, it will rely on the Department of Transportation to alert the Department when changes have been made to federal or state gas taxes, so that new stickers may be created." The law does not require any notification of tax changes to the Department.

While the bill specifies the size of the sticker (3.5 inches on each side), the bill does not specify location of the sticker other than it must be "... on the face of the pump so that it is clear, conspicuous, and prominent to consumers." The sticker will compete for space with pump instructions, emergency stop information, contact

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information for the Department if the consumer wishes to lodge a complaint, ethanol percentages, grades of gasoline, NIST 44 requirements, and any advertisements, promotions, or offers that the station owner or operator may wish to announce.

Impact on Business/Industry

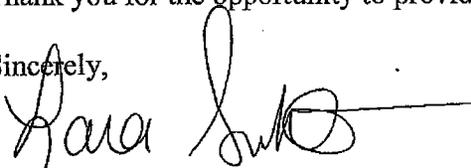
The proposed Wis. Stat. § 98.09 (3) specifically excludes fuel pump owners and operators from affixing or maintaining the stickers. The state of Oregon has a similar law; however, the onus is on the owners and operators to maintain the stickers. Wisconsin may be an outlier as owners and operators affix the stickers themselves; they would not have that control under Wisconsin law.

Owners and operators, especially those affiliated with major chains, have corporate policies regarding the presentation and appearance of gas pumps. A sticker may become weathered, torn, or faded, but the owner or operator must wait until the inspector or sealer replaces it.

As mentioned above, the bill specifies the size of the sticker, but it does not specify location of the sticker other than it must be "... on the face of the pump so that it is clear, conspicuous, and prominent to consumers." One can interpret that phrase differently, and businesses who concern themselves with presentation may have a differing definition of clear, conspicuous, and prominent than the tank inspector.

In Oregon, failure to display a sticker results in a notice. However, compliance by the owner and operator is fairly easy and the state rarely needs to note the lack of sticker a second time.

Thank you for the opportunity to provide information on SB 179 as it is currently written.

Sincerely,


Lara Sutherlin, Administrator
Division of Trade and Consumer Protection