



May 3, 2006

An Open Letter to Governor Edward Rendell: Taxpayers Urge You to Lower Pennsylvania's Gas Taxes!

Dear Governor Rendell:

On behalf of the 20,000 members of the National Taxpayers Union (NTU) in Pennsylvania, I once again urge you to take quick and decisive action to provide motor fuel tax relief in your state. We reiterate the request NTU and many other organizations made after last year's energy price spikes: the time has come to consider **lowering or eliminating your state gas tax**.

While some individuals clamor for economically-harmful price fixing and higher taxes on energy producers, our members appreciate the fact that reducing the gas tax rate is one of the few options government can pursue to combat high prices while avoiding additional regulations or taxes that further distort our energy market. Moreover, Pennsylvania has the resources to cover the "cost" of repealing the state gas tax. In the first eight months alone of Fiscal Year 2006, Pennsylvania is scheduled to take in \$291.7 million more in revenues (2.0 percent higher) than originally expected. In addition, preliminary projections for a budget surplus exceed \$270 million (other legislative sources believe the figure to be twice as high). These windfalls to the Commonwealth provide an ideal fiscal climate in which you can help to cushion the blow of high energy prices.

Pennsylvania motorists pay one of the most oppressive gas tax rates in the country. According to the Federation of Tax Administrators, the Commonwealth holds the dubious honor of having the 2nd-highest state gas tax in the nation. When a customer pulls up to a gas station in your state, he or she pays 31.2 cents per gallon alone in state gas taxes. Combined with an 18.4 cent per gallon federal gas tax, this means Pennsylvania residents are paying over 49 cents per gallon just for taxes, or the equivalent of \$7.44 on a 15-gallon fill-up.

Pennsylvania hopes to collect \$23.92 billion from taxpayers this year. Surely the state can afford to give back to overburdened motorists by permanently lowering or temporarily suspending the gas tax through the end of the summer driving season. As you colleague, Senator Sean Logan, recently noted, "This is something that can be done immediately and will ease the burden of rising gas prices on the residents of Pennsylvania." Your active leadership, together with that of the General Assembly, would ensure that beleaguered Pennsylvania motorists can better cope with this trying time.

Sincerely,

Kristina Rasmussen
Sr. Government Affairs Manager