

## Partial Fuel Tax Exemption Fuels Industry, Economy and Society

Motorcoaches are part of the transportation solution, from fighting gridlock, to saving energy, to slashing carbon dioxide emissions and preserving mobility for millions of Americans. The partial fuel tax exemption the government makes available to providers of motorcoach services is a sound societal investment, yielding numerous public benefits.

The intercity bus industry provides a valuable congestion mitigation tool, removing up to 55 single-occupant cars for each full coach. Intercity buses are also the most fuel efficient transportation mode, achieving 184 passenger miles per gallon. In addition, motorcoaches consume only 749 british thermal units of energy per passenger mile which is 6.5 times more efficient than a single occupant automobile.

The intercity bus is the only source of community connection and rural transportation to an estimated 14.4 million citizens. Intercity buses provide transportation services for elderly Americans who may not have access to other forms of intercity transportation, patients who need long term medical treatment such as dialysis, and the freedom of mobility for many who would otherwise not have it.

The motorcoach industry is also America's strategic transportation reserve, serving in time of need as a critical part of the first wave of responders moving emergency personal into the area and taking those citizens affected to safety.

Intercity bus companies are generally small businesses providing a wide variety of public services. 74% of intercity bus companies operate fewer than 10 motorcoaches; the average fleet size for those small businesses is 3 motorcoaches. The services provided by intercity bus operators include scheduled service; charter; tour and sightseeing; airport shuttles; and commuter services.

Intercity buses receive, by far, the smallest amount of federal subsidies. That subsidy consists of a partial exemption from the federal fuel tax. The chart below represents the percentage allocation of total federal subsidy and in real dollars per trip for 2005.

### Subsidy by Mode

	Publicly funded Mass Transit	Aviation	Amtrak	Intercity Bus
1996-2005	55%	37%	8.2%	0.3%
2005 Per Trip Subsidy	\$0.88	\$6.04	\$51.90	\$0.08

Federal Subsidies for Passenger Transportation 1960-2005, (Nathan 2007)

The intercity bus industry directly creates 262,000 jobs, and a further 488,000 jobs are created by the travel and tourism industry. Tourist services provided by the motorcoach industry generates \$44.2 billion in annual sales directly and indirectly throughout the U.S. economy.

The motorcoach partial exemption must be preserved. Increasing the industries obligation beyond 7.4 cents a gallon in federal fuel taxes would jeopardize rural services and disproportionately affect those citizens who are the most vulnerable and have the fewest transportation options. Elimination of the exemption would further widen the subsidy gap between intercity bus and competing publicly funded rail and transit services and would discourage, rather than encourage, use of the most fuel efficient and cost-effective transportation mode.

Furthermore, if fuel taxes are increased in the future, intercity buses should be exempt from those increases to the same extent as public transit since intercity buses provide the same, or more, congestion mitigation and energy savings benefits.

The partial fuel-tax exemption is an investment in moving America.