

Michael J. Graff Presentation

In 1986 I started Graff Trucking with one vehicle operating as a part-time venture. Since then I have expanded this business to a full-time operation with twelve employees, nine vehicles and 44 trailers. Graff Trucking works with both national and local businesses and operates primarily in the Northeastern states of Pennsylvania, New York, Ohio, New Jersey and Maryland.

Fuel prices have been on the rise in this country for the past several years. Although there has been much publicity recently around rising prices this issue has been ongoing to the trucking industry for several years. We have been suffering from increases that have caused us to lose efficiencies and erode our profits.

In the past year diesel prices have continued to increase while today averaging around \$4.00/gallon. At first the increases were simply borne by the trucking company until they became so high that operating without a fuel surcharges or increasing prices was no longer an option.

What continues to be amazing is the fact that diesel fuel is less refined and therefore cost less to produce but is averaging approximately .70 / gallon more than gasoline.

While I struggle to remain in business dealing with escalating costs our fuel companies continue to report record breaking profits. What remains extremely frustrating to all businesses and consumers who are facing higher costs is those same fuel companies continue to receiving tax breaks!! Graff Trucking employees 12 employees and despite a solid relationship and established 20 plus year history in business I am at a point that I am questioning my ability to continue to operate. The news reports almost daily on companies who are ceasing to operate or filing for bankruptcy, including three airlines just last week due to the increase in operating expenses.

One common thread for these companies and the trucking industry are the fact that fuel is there highest expense and has driven them out of business. I request your help so Graff Trucking is not the next company faced to follow this same path.

What is the driver for these outrageous fuel prices? Is Energy Trading and Wall Street playing a huge part in the root cause of the high fuel prices? Wall Street is not driven to provide affordable energy supplies. Due to the limited overseeing of energy trading and the dominant position in oil futures by Investment banks and hedge funds this may be a contributing factor of the volatility of prices leading to high gasoline, diesel and heating oil prices.

The government standard rate for transportation i.e. rate per mile to be charged for similar type modes of transportation and fuel surcharge rates equal. This would allow for a small business owner to be competitive and not allow large companies to dictate the rates.

The transportation industry is the first to be impacted by these rates and then filter further into the economy and touch all citizens. Therefore the potential for increase costs to all of our business sectors for our country is at risk. Government must take immediate steps to prevent the economy from slipping even further into a negative state than we currently are facing.

Pennsylvania has the highest tax on diesel fuel in the nation. The government is considering implementing a toll on Interstate 80 as well as discussion on privatizing the Pennsylvania Turnpike. These actions would have a continued detrimental affect on the transportation industry. In Pittsburgh a 10% drink tax was initiated to help address financial struggles of the port authority. These are not the steps needed to resolve the issues we are facing.

This committee as well as the Federal and State Governments must work together to implement both short and long term solutions to allow small business owners such as myself the ability to continue to operate allowing us to provide employment and services to our customers.