

# HOUSE COMMITTEE ON TRANSPORTATION

February 07, 2003 Hearing Room 357  
9:00 AM Tapes 17 - 18

**MEMBERS PRESENT:** Rep. Alan Brown, Chair  
Rep. Elizabeth Beyer, Vice-Chair  
Rep. John Mabrey Vice-Chair  
Rep. Jackie Dingfelder  
Rep. George Gilman  
Rep. Mitch Greenlick  
Rep. Cliff Zauner

**STAFF PRESENT:** Janet Adkins, Committee Administrator  
Ryan Sherlock, Committee Assistant

**MEASURE/ISSUES HEARD:** HB 2173 – Public Hearing and Work Session  
HB 2211 – Public Hearing and Work Session  
HB 2222 – Public Hearing  
HB 2223 – Public Hearing and Work Session

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These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

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<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
<b>Tape 17, A</b>		
003	Chair Brown	Calls meeting to order at 9:05 a.m., and opens a public hearing on HB 2173.
<b><u>HB 2173 – PUBLIC HEARING</u></b>		
005	Janet Adkins	Committee Administrator, offers a description of HB 2173, and introduces the Fiscal Impact Statement ( <b>EXHIBIT A</b> ) for HB 2173.
030	Ann Crook	Oregon Department of Aviation, Director. Offers written testimony ( <b>EXHIBIT B</b> ) in support of HB 2173.
070	Rep. Beyer	Clarifies that the fee in question is an annual registration fee.
075	Crook	Explains that the aircraft fee is annual, but the pilot registration fee is every two years.
080	Rep. Greenlick	Clarifies that currently the offense is a Class A violation, but this bill would make this a misdemeanor.
085	Crook	Indicates that HB 2173 does not create a misdemeanor, but offers more authority to the Aviation Department.
095	Rep. Greenlick	Reference and quotes subsection four of the measure, and questions whether this line is a new addition to current law.
100	Adkins	Indicates that subsection four is not being added, but already present in the penalty statute.
105	Lynn Rosik	Oregon Department of Justice, Assistant Attorney General. Clarifies that line four is not a change, but just moved from another part of the statute.
115	Rep. Greenlick	Acknowledges the point.
117	Rep. Gilman	Asks how much money the Department of Aviation has in the search and rescue account.

120	Crook	Estimates that the account is currently at \$180,000 dollars.
123	Rep. Gilman	Asks where the money collected as fines would go.
125	Crook	Explains that the money collected as fines would go into the state aviation account, which is different from where it would currently go.
130	Chair Brown	Clarifies that if the proposed program happens there will be proper notification about the effects.
135	Crook	Discusses the proposed notification process.
140	Rep. Zauner	Asks what the recourse is, after the pilots and other affected parties are notified, for non-compliance.
142	Crook	Explains that there currently is no administrative rule for this, so she is unsure, but further discusses the penalty.
150	Rep. Zauner	Asks how they would be able to collect the proposed fee, when currently they have difficulty collecting fees.
152	Crook	Explains that they currently have the people to collect the fee, but what they don't have is the court system to prosecute offenders.
155	Chair Brown	Thanks Ms. Crook and recognizes Mr. Trujillo.
160	Mark Trujillo	Oregon Pilots Association, President. Offers written testimony <b>(EXHIBIT C)</b> in support of HB 2173.
175	Rep. Zauner	Asks if the pilots being registered are asked whether they are United States citizens.
180	Crook	Explains that they do not ask if the pilots are citizens of this country, but points out that they do ask such things as contact information, color of the aircraft, the home base of the aircraft.
190	Rep. Zauner	Asks whether the Aviation Department checks the validity of the information received on applications.
195	Crook	Explains that there currently is no process to validate applications.
200	Chair Brown	Recalls that pilots licenses issued by the Federal Aviation Administration (FAA) use the applicants social security number (SSN) as their pilots number, and asks if this is also true of the state license.
202	Crook	Explains that the pilots license is tracked by the FAA number.
210	Chair Brown	Closes the public hearing on HB 2173, and opens a work session on HB 2173.

**HB 2173 – WORK SESSION**

215	Rep. Beyer	<b>MOTION: Moves HB 2173 to the floor with a DO PASS recommendation.</b>
220		<b>VOTE: 7-0</b>
	Chair Brown	<b>AYE: In a roll call vote, all members present vote Aye. The motion CARRIES.</b>
		<b>GILMAN will lead discussion on the floor.</b>
225	Chair Brown	Closes the work session on HB 2173, and opens a public hearing on HB 2211.

**HB 2211 – PUBLIC HEARING**

235	Adkins	Offers a description of HB 2211.
260	Dave Tyler	Oregon Department of Transportation, Chief Financial Officer. Offers written testimony <b>(EXHIBIT D)</b> in support of HB 2211.
330	Quintin Hess	Oregon Department of Transportation, Fuels Tax Group, Manager. Offers testimony in support of HB 2211.
380	Chair Brown	Asks about the dealers who went bankrupt while owing the state millions of dollars.
385	Hess	Responds discussing these specific cases.
400	Tyler	Explains that HB 2211 is designed to punish those who abuse the

		current system, and would not affect most dealers.
405	Chair Brown	Asks how expensive the bonds are.
410	Hess	Estimates that a million dollar bond would cost about five to six thousand dollars. Explains that the difficulty comes when some dealers might not be able to get a bond due to bad credit, and explains the steps taken in this case.
<b>TAPE 18, A</b>		
010	Rep. Mabrey	Clarifies that when Mr. Tyler refers to dealers he is not referring to the retail dealer who pumps the gasoline into the cars, but rather the wholesale dealer who dispenses the gasoline to the retailers.
015	Hess	Confirms, stating that there are about 180 dealers which fall into this category.
020	Rep. Mabrey	Makes clear that these dealers are small independent wholesalers affected by this bill rather than the large oil companies.
022	Hess	Explains that those affected come from both categories.
025	Rep. Mabrey	Clarifies when the tax is assessed.
028	Hess	Discusses how licensing affects when the tax is assessed.
035	Rep. Greenlick	Asks how many dealers would be affected by the bill.
040	Hess	Estimates that they would have two dealers who would have required this higher bond.
041	Rep. Greenlick	Asks if there are any currently.
043	Hess	Responds that he assumes everyone would start fresh, and only need the higher bond with future violations.
047	Tyler	Explains that currently there are no dealers who would be subject to the higher bond.
049	Rep. Zauner	Asks how long it takes to accumulate the million dollar bond.
051	Hess	Explains when taxes are assessed vs. when they are due, and how the million dollar bond works in protecting tax liability.
055	Rep. Zauner	Asks if a million dollar fuel load can be delivered in one delivery.
060	Tyler	Explains that any fuel delivered in one month has a tax due on the 15 <sup>th</sup> of the next month, further explaining the length of time it takes to suspend a license and how that affects tax collection.
070	Rep. Zauner	Clarifies that there is no prior indication that a dealer will miss a payment.
072	Tyler	Explains that in previous instances there was no prior indication.
080	Rep. Zauner	Asks why they don't just collect in advance for every dealer, and asks who would be opposed to the bill.
085	Hess	Indicates who would be opposed, and discusses the timing of tax payments.
090	Rep. Zauner	Asks if the dealers had to pay more for bonds, the state would be able to make a deal for some of the "floated" tax.
095	Hess	Explains that there would have to be legislation to accomplish this.
098	Tyler	Explains that ODOT has worked closely with the industry over tax collection, and indicates that the industry has been extremely cooperative with sharing the tax "float," and HB 2211 is targeted on those that abuse the system and ignore those that follow the rules.
120	Rep. Beyer	Asks how many dealers there currently are in Oregon.
121	Hess	Indicates there are about 180 currently operating in Oregon.
123	Chair Brown	Asks about the Indian tribes which operate their own gas stations, and whether they collect the Oregon road tax.

125	Hess	Answers affirmatively, and discusses those efforts.
145	Paul Romain	Oregon Petroleum Marketers Association (OPMA), Representative. Introduces Cliff Olson, Chief Financial Officer for the Marc Nelson Oil Producers. Offers testimony in support of HB 2211, Describing how Oregon Department of Transportation (ODOT) formulated the proposed bill (as well as HB 2222 and HB 2223) by working with the industry.
170	Rep. Beyer	Identifies the short time frame in which these dealers become problems, and questions whether HB 2211 would catch what it proposes to catch.
185	Romain	References HB 2222 as allowing immediate suspension of licenses giving ODOT the tool to identify and work with those who show signs of becoming problems.
190	Chair Brown	Thanks the witnesses, closes the public hearing and opens a work session on HB 2211.

**HB 2211 – WORK SESSION**

195	Rep. Beyer	<b>MOTION: Moves HB 2211 to the floor with a DO PASS recommendation.</b>
200		<b>VOTE: 7-0</b>
	Chair Brown	<b>AYE: In a roll call vote, all members present vote Aye. The motion CARRIES.</b>
		<b>REP. BEYER will lead discussion on the floor.</b>
202	Chair Brown	Closes the work session on HB 2211, and opens a public hearing on HB 2222.

**HB 2222 – PUBLIC HEARING**

205	Adkins	Offers a description of the bill.
235	Dave Tyler	Oregon Department of Transportation, Chief Financial Officer. Offers written testimony ( <b>EXHIBIT E</b> ) in support of HB 2222.
240	Quintin Hess	Oregon Department of Transportation, Fuels Tax Division Manager. Offers testimony in support of HB 2222.
295	Rep. Greenlick	Questions the link between HB 2211 and HB 2222.
305	Hess	Explains the difference between HB 2211 and HB 2222, and how they work together to better the states' collection of fuels tax liability.
320	Rep. Greenlick	Recognizes the difference between HB 2211 and HB 2222, and acknowledges the purpose of HB 2222, but questions whether HB 2211 gives ODOT the authority to use increased bonds in conjunction with released suspension.
330	Hess	Explains how the higher bond works with the license suspension.
335	Rep. Gilman	Clarifies that when a license is suspended and the tax is passed to the next dealer, that this does not preclude the suspended dealer from conducting business.
350	Hess	Agrees, explaining that the tax is passed, but the dealer is not stopped from conducting business.
355	Rep. Gilman	Asks how the state would notify the supplier that the other party does not have a license.
360	Hess	Explains that the suspended dealer would receive a certified letter, and all the other dealers would be notified of the suspension.
375	Rep. Greenlick	Expresses concerns with the notification occurring through regular mail, and suggests that the notification occur through other means as well as regular mail.

385	Hess	Observes that Mr. Doherty will address this point, further discusses the notification efforts, and recognizes the value of an amendment that would require other forms of notification.
<b>TAPE 17, B</b>		
001	Tyler	Discusses other notification means.
015	Brian Doherty	Western States Petroleum Association, Representative. Offers testimony in support of HB 2222, but discusses his groups' concern regarding the notification of the policies outlined in HB 2222.
045	Chair Brown	Clarifies that Mr. Doherty intends to work with ODOT to draft an amendment which would address these concerns.
017	Doherty	Answers affirmatively.
020	Rep. Greenlick	Recommends that the amendment allow for more flexibility in notification.
030	Doherty	Agrees, and further discusses the difficulty in notification.
040	Rep. Greenlick	Asks if this could be dealt with by rule rather than statute, and recommends the statute be drafted to be flexible, while the rule supplies specificity.
045	Doherty	Agrees, but expresses concerns.
050	Chair Brown	Closes the public hearing on HB 2222, and opens a public hearing on HB 2223.

**HB 2223 – PUBLIC HEARING**

065	Adkins	Offers description of HB 2223.
070	Dave Tyler	Oregon Department of Transportation, Chief Financial Officer. Offers written testimony ( <b>EXHIBIT F</b> ) in support of HB 2223.
085	Quintin Hess	Oregon Department of Transportation, Fuels Tax Division. Offers testimony in support of HB 2223.
110	Rep. Gilman	Asks how much the mentioned licenses cost.
115	Tyler	Responds that the licenses are free.
116	Rep. Zauner	Asks whether gasoline placed into underground tanks can be siphoned out, avoiding taxes.
120	Hess	Explains that at the point the gasoline enters the underground tank, it has already been taxed.
127	Adkins	Asks about deleted language in the bill.
130	Hess	Responds that the language was deleted because it was outdated.
140	Chair Brown	Closes the public hearing on HB 2223, and opens a work session on HB 2223.

**HB 2223 – WORK SESSION**

150	Rep. Gilman	<b>MOTION: Moves HB 2223 to the floor with a DO PASS recommendation.</b>
		<b>VOTE: 7-0</b>
		<b>AYE: In a roll call vote, all members present vote Aye. The motion CARRIES.</b>
160	Chair Brown	
	Adkins	Discusses the upcoming schedule for the committee.
167	Chair Brown	Closes the work session on HB 2223, and adjourns the meeting at 10:14 a.m.

**EXHIBIT SUMMARY**

- A – HB 2173, Fiscal Impact Statement, Staff, 2 pp.**
- B – HB 2173, written testimony, Ann Crook, 1 p.**
- C – HB 2173, written testimony, Mark Trujillo, 1 p.**

**D – HB 2211, written testimony, Dave Tyler, 1 p.**  
**E – HB 2222, written testimony, Dave Tyler, 1 p.**  
**F – HB 2223, written testimony, Dave Tyler, 1 p.**