

HOUSE COMMITTEE ON TRANSPORTATION

February 16, 2001
9:00 AM

Hearing Room D
Tapes 35 - 36

MEMBERS PRESENT: **Rep. Bruce Starr, Chair**
 Rep. Alan Brown, Vice-Chair
 Rep. Jeff Merkley, Vice-Chair
 Rep. Richard Devlin
 Rep. Jeff Kropf
 Rep. Donna Nelson
 Rep. Diane Rosenbaum
 Rep. Joanne Verger
 Rep. Cliff Zauner

STAFF PRESENT: **John Leon, Committee Administrator**
 Kate Campeau, Committee Assistant

MEASURE/ISSUES HEARD: **2000-01 Cost Allocation Report**

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.

TAPE/#	Speaker	Comments
TAPE 35 A		
010	Chair Starr	Calls meeting to order at 9:05 a.m. Announces upcoming field trips.
<u>2000-01 COST ALLOCATION REPORT</u>		
040	Ron Chastain	Economist, Chastain Economic Consulting. Presents a brief introduction to the 2001 Oregon Highway Cost Allocation Study (EXHIBIT A). States that the results of the study are nearly compiled and complete.
099	Carl Batten	ECONorthwest. Details the cost allocation model which is specific to Oregon. Lists the various characteristics of this model. Walks the committee through the study issues and methodology, model structure, study results and recommendations for future studies.
164	Chair Starr	Asks what roll the review team had in determining if this was going to be done differently than in the past. Asks what kinds of discussions were involved.
170	Batten	Answers that all of the allocators used in this study were used in the prior study, with very few differences.
182	Chastain	Adds that product was used to replicate what was done before and additional improvements, feedback effects, etc. were looked at. Refers to the "dynamic model". States that no changes were implemented unless there was a consensus of the committee. Explains that consensus was on the SRT group – this group had the voting power. States that there was one ODOT member on the committee.
220	Batten	Explains that the first action taken by cost allocation was to figure out which vehicles were driving where and how much. Explains that the best available data was used and that the study

278	Starr	broke facility types into ownership classifications. Asks if study review team was confident that these projects would be built.
286	Batten	Answers that this information is the best information available. Discusses non-project cost - highway administration, special programs, and highway operations. Also the total level of the cost from ODOT's request budget and only those related to net highway monies.
316	Chair Starr	Asks if ODOT transfers a certain amount of money for enforcement of heavy weight regulations and asks if that number is reflected in study.
324	Batten	Answers that the information is in the requested budget that came out in August 2000.
332	Rep. Merkley	Asks how is the cost allocation of the bond payments handled for work done in previous years.
335	Batten	Answers that the study did not include those types of bond payments.
345	Chair Starr	Requests Mr. Yates' expertise on the bond question.
352	Rep. Merkley	Clarifies that bond payments are very small. Asks what percent of the budget pays for bonds from former construction.
359	Yates	Answers that it is included in administrative costs.
363	Rep. Merkley	Asks that if it were a significant number then it would be included in the cost allocation model.
369	Yates	Answers if a significant amount, yes.
381	Rep. Devlin	Refers to state treasurer's report clarifying that there is very little bonded debt in transportation.
404	Batten	Continues discussion of bonds.
457	Chair Starr	Asks if allocator has been used in previous cost allocation studies.
460	Batten	Answers that it was used in the prior study.
TAPE 36, A		
067	Nelson	Asks for comparison of data.
075	Batten	Continues clarification of prior study data.
112	Rep. Merkley	Asks question regarding "with related costs", i.e., proportioning out the cost of making lanes wider to the vehicles that require three lanes. Asks why this practice is eliminated.
120	Batten	Explains that in a wider lane the pavement in the center lasts a little longer, and that even if trucks were to disappear, the passenger cars would object to having shrinkage of lane space.
139	Chastain	Discusses possible bias towards the trucking industry in cost allocation study.
155	Rep. Devlin	Asks if there was any discussion or emphasis due to constitutional requirement.
163	Chastain	Affirms that this was an influence.
182	Rep. Rosenbaum	Poses question regarding this committee's ultimate responsibility in determining equitable distribution.
185	Chair Starr	Contributes that the transportation committee would initiate any changes made to rate structure.
198	Rep. Rosenbaum	Asks for clarification - if the end results would be looking towards rebalancing distribution of costs.
199	Chair Starr	Answers that as a legislative body the committee can implement this study's recommendations, or not.
200	Rep. Merkely	Asks if recommendations are being formulated into a draft bill.

212	Chair Starr	Answers that he is not aware of any draft bill.
214	Batten	Continues with description of cost categories and determining cost for weight types. Details steps for determining current equitable rates.
252	Chair Starr	Asks if gas tax revenues are being used to offset drivers license fees, etc.
261	Batten	Answers no.
270	Rep. Nelson	Asks how to determine collection costs.
278	Batten	Explains details of central services assessment which becomes part of collection costs. States that estimates are provided by ODOT.
289	Batten	Continues with description of equity analysis. States that all vehicles pay something in Oregon. Details formula for determining equity ratio.
334	Rep. Merkley	Asks for clarification of non-paying diesel vehicles.
336	Batten	Answers that diesel transit vehicles pay no tax. Diesel school buses receive refund on tax.
339	Batten	Describes determining fuel tax rate as well as weight mile tax and process for achieving equity. States that both groups are very close to paying their fair share.
381	Chair Starr	Asks for clarification. States that because of this aforementioned balance between vehicles, legislators could decide not to change anything and still meet the constitutional responsibility to Measure 76.
388	Chastain	Concurs with Chair Starr's assessment.
395	Rep. Merkley	Asks if "basic" includes 8,000 pounds and down.
403	Batten	Answers yes. Details underpaying and overpaying of non-basic vehicles. Explains that almost all vehicles weighing over 80,000 pounds are underpaying; In current flat fee structure, log trucks are underpaying, dump trucks are underpaying and wood chip trucks are overpaying.
		RECOMMENDED RATES: No change in fuel tax rate;
		Raising registration fees by 20%:
		Changing rate mile tax rates:
		Raising schedule "b" rates:
		Raising road use assessment fee:
		Raising flat fee rate for log trucks.
449	Chair Starr	Asks if road use assessment fee data is reliable, considering registration fees for vehicles on heavy weight vehicles.
469	Batten	Answers that road use assessment fee different than others. Explains that this is a per trip fee assessed for a particular load on particular trip. Explains that these vehicles are registered at 105,000 pounds or less and if they return empty they pay weight mile tax on way back. Registration fees are calculated at registration and credit is given. Costs imposed when making heavy loaded trips, looked at revenue produced on those trips. Rates are designed to bring these vehicles up to equity when paying road assessment fees. When not paying fees they would be paying weight mile tax and road registration which were designed to bring these vehicles up to equity when in that realm.
502	Rep. Kropf	Asks for clarification of apparent contradiction in assessment of fees, quotes from executive summary.

Batten Explains that those vehicles are paying much more than half their cost responsibility when they are not on particular trips carrying particular loads.

TAPE 35, B

052 Rep. Kropf Asks if considering the back-haul.
059 Batten Explains that if back haul has load that is not subject to road use assessment fee, then weight mile tax would be paid and equity ratio would be much closer to 1.

063 Rep. Kropf Asks if while vehicle is carrying heavy load the trip permit does not pay for the damage to the road.

068 Batten Answers yes.
076 Chair Starr Reads from report on page 64 and asks for clarification.
081 Batten Answers that data is available on their weight when they are paying the road use assessment fee. That data is collected from permits issued. It is known exactly how much vehicles weigh for each of the trips made under the road use assessment fees. Explains that what isn't known is their declared weight the rest of the time.

092 Rep. Devlin Asks what is percentage of small trucks.
089 Batten Answers that road use assessment fee projected to collect about \$650,000 and weight mile tax approximately \$190 million.

110 Rep. Devlin Asks for clarification. ESA would be what portion of vehicles subject to ESA mile.
112 Batten Answers that ESA is a road use assessment fee - \$650,000 a year at current rates.

113 Rep. Devlin Asks if there are a percentage of miles traveled.
Batten Answers that current rates per mile are higher than weight miles tax rates because of heavier loads.

122 Rep. Devlin Asks if most vehicles would be special purpose vehicles and coming back basically without a load.
Brown Contributes that this is probably heavy equipment haulers moving equipment and returning with a light load.

137 Rep. Nelson Asks if figures are in the millions.
138 Batten Answers that figures are closer to hundreds of thousands per road use assessment fee, per year, under current rates and hundreds of millions for weight mile tax fees.

147 Chair Starr Asks how much revenue is raised each year through road use assessment fees.
149 Batten Answers it is projected to raise \$677,600 a year, references page 54 of study with almost all of that being over 505,000 miles.

155 Rep. Nelson Asks miles quoted.
160 Batten Answers that he does not have miles number, but will provide this to the committee. Miles will be a smaller portion than dollars.

180 Batten Discusses results of prior study and current study.
281 Chair Starr Asks if studded tires were included in this study.
285 Batten Answers yes. Explains that ODOT did a study on cost of damage of studded tires. ODOT looked at expenditures that would be related to repairing pavement overlays.

289 Starr Asks if there was a number attached to this study.
290 Batten Answers approximately \$14 million for 2 years.
330 Batten Details gathering of data for studded tire damage estimation.
345 Rep. Kropf Asks if it is possible to come up with some kind of technological

		system that would only work in Oregon, charging specific road rates.
354	Batten	Answers that there is committee set up to look at that. Talks about global positioning satellites utilized to charge vehicles appropriate charges for road usage.
379	Rep. Kropf	Asks if that technology is currently being used today.
381	Batten	Answers that an insurance company in another state is using this technology.
402	Rep. Nelson	Asks about future of gas tax for future generations.
420	Batten	Answers that gas tax advantage is easy and cheap to administer, but cautions that it is a very blunt revenue instrument. States that a more precise revenue instrument could increase the fairness of the revenue system. Adds that if other revenue instruments would become more prominent then the gas tax could fade away.
454	Chair Starr	Welcomes visiting McMinville High School students.
463	Chair Starr	Continues with committee discussion: Talks about HB 2082, lookback provision, detailing overpayment in the year 2000 by about \$21.5 million. Asks if this amount was credited in this study.
500	Batten	Answers no.
503	Chair Starr	References page 50, exhibit 46, reads that cost responsibility for vehicles over 8.000 pounds is 32.3%. Asks what percentage of miles do vehicles operate on local roads.
516	Batten	References exhibit 42, page 46: Reads from table that 22.9% of the state wide VMT is on county roads and 14% on city streets.
TAPE 36, B		
054	Chair Starr	Asks for clarification on figures on aforementioned exhibits.
063	Batten	Clarifies that exhibit 4-6, page 50 is showing dollar amount and on page 46 exhibit 4-2, page 46 is showing miles. States that share of all VMT by types of vehicles is shown on page 46. The share of cost for heavy vehicles on local roads is shown on page 50. States that the percent of cost imposed by heavy vehicles will be higher than the percent of miles driven by heavy vehicles.
071	Chair Starr	References page 51, Exhibit 4-6: Asks for clarification.
081	Batten	Explains that gas is taxed before it enters the distributor's truck thus making it very easy to collect that tax.
097	Chair Starr	Offers that weight mile tax is more cumbersome tax to collect.
101	Batten	Counters that weight mile tax is a more expensive tax to collect.
105	Chair Starr	References page 57: Asks if state is taxing too high.
114	Batten	Answers no, that the cost responsibility is based on the governor's request budget, which includes a larger ending balance than beginning balance and based on the December 1999 revenue forecast.
137	Chair Starr	Asks if salary considerations were a factor in budget referencing \$40 million cushion.
145	Batten	Explains that \$40 million cushion was for a number of reasons besides salary increases, but there is no line item at this time.
153	Batten	Discusses recommendations for future studies.
	Chair Starr	Adjourns meeting at 10:45 a.m.

Submitted By,

Reviewed By,

Kate Campeau,
Committee Assistant

John Leon,
Committee Administrator

EXHIBIT SUMMARY

A – 2001 Oregon Highway Cost Allocation Study, written material, 92 pp.