

**SENATE COMMITTEE ON GENERAL GOVERNMENT AND
TRANSPORTATION**

February 14, 2001 Hearing Room 343
03:00 pm Tapes 30 - 32

MEMBERS PRESENT: **Sen. Gary George, Chair**
 Sen. Rick Metsger, Vice-Chair
 Sen. Margaret Carter

MEMBER EXCUSED:
 Sen. Bev Clarno
 Sen. Ken Messerle

STAFF PRESENT: **Patrick Balducci, Administrator**
 Nancy Masee, Administrative Support

MEASURE/ISSUES HEARD:
 Oregon Highway Cost Allocation Study

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 30, A		
003	Sen. Gary George	Chair. Opens informational meeting at 3:30 p.m.
010	Patrick Balducci	Committee Administrator. Announces the work groups that will be working on issues Mitigation of Studded Tire Damage, Tues, Feb 20, 10:30 a.m HR C; Alternative Road Financing Mechanisms, Tues, Feb 20, 1:00 pm, Rm 357; Weight Mile Tax Streamlining, Thurs Feb 22, HR B 10:30 am. Highway Cost Allocation Study Work Group, Friday, Feb 16, 3:00 pm Rm 350.
043	Balducci	Gives presentation on Highway Cost Allocation. Shows slides to show the background of studies and historical results of studies. (EXHIBIT A).
220	Balducci	Continues presentation discussing what the highway cost allocation study is-- what the study review team (SRT) role is, who selects the team, and what the composition of the 2001 SRT was.
365	Balducci	Summarizes presentation on highway cost allocation in Oregon.
427	Tom Potiowsky	State Economist, Oregon Department of Administrative Services (DAS), Chair of Review Team, Oregon 2001 Highway Cost Allocation Study. Introduces Randall Pozdena and Carl Batten of ECONorthwest.
TAPE 31, A		
040	Potiowsky	Explains how the study team was formed and how the study was transferred from ODOT to DAS in 1998.
070	Randall Pozdena	ECONorthwest. Notes that the linear tax curve generated by the study only applies to 26,000 to 80,000 pound classes. (EXHIBIT B)
102	Carl Batten	ECONorthwest. Explains the findings of the study on the linear

		tax curve.
103	Chair George	Asks for both perspectives.
105	Balducci	Explains his view of the linear tax graph.
104	Sen. Carter	States she wants to know in the end the differential between who is not paying their fair share and if weight-mile tax schedule is going to be affected by the findings of the study.
110	Pozdena	Shows slides to explain what is new in the highway cost allocation study (HCAS).
153	Pozdena	Explains projecting growth in the HCAS. Describes Oregon Special truck weighing data. Describes measuring the costs to be allocated. Explains allocators.
155	Sen. Carter	Asks what are not construction-related costs.
157	Batten	Answers that modernization costs relate to the improvement and expansion of the roadway network.
270	Pozdena	Continues presentation explaining the application of allocators.
280	Sen. Carter	Asks about rest stops usage, what is the significance of measuring a rest stop.
285	Pozdena	Answers the cost is not variable to the number of vehicles.
353	Chair George	Asks if there is a list comparing the factors of allocation before this study and now.
360	Pozdena	It is unclear from the last study which allocators were used.
365	Balducci	Explains allocators in the study he participated in.
375	Pozdena	Discusses flat fees paid in lieu of weight-mile taxes in some cases in a special study. Explains equity analysis, who is paying what.
385	Balducci	Asks if the largest cost of those subsidies publicly-owned vehicles.
390	Chair George	Asks what was the total value of subsidies to farm trucks.
392	Batten	Answers the total subsidies were \$10 million per year. Does not have farm truck breakdown.
Tape 30, B		
050	Pozdena	Continues discussing recommended rates. Key findings were: Under current rates, basic and heavy vehicles as a group are each paying almost exactly their share. Heavy vehicles between 70,000 and 80,000 pounds account for over 60 percent of the weight mile tax, and are overpaying. Vehicles over 80,000 are underpaying. Log trucks that pay flat fees are underpaying; woodchip trucks that pay flat fees are overpaying.
120	Sen. Carter	Asks about those classes overpaying.
135	Pozdena	Explains the various weight cases contributing to that spending.
137	Batten	Explains findings of cost responsibility in this study do not vary much from the previous study.
165	Pozdena	Continues discussing recommendations: No change in fuel tax rate Raising registration fees for vehicles weighing between 8,000 and 26,000 by 20% Change weight-mile tax rates by increasing rates for trucks in lighter truck classes and reducing tax rates for mid to heavy trucks. Raising most schedule A rates below 70,000

		Lowering most schedule A rates over 70,000
		Raising Schedule B rates from 80,000 to 105,500
		Increase road use assessment fee.
		Raising flat fee rate for log trucks and dump trucks
		Lowering flat fee rate for wood chip trucks
250	Pozdena	Discusses future capability incorporating federal revenues.
		Federal revenues and expenditure affect the equity analysis.
		Basic vehicles are overpaying by 7.9 percent.
		26,001 to 46,000-pound vehicles generally are overpaying federal taxes
		Heavier vehicles are underpaying
280	Chair George	Reiterates that heavier vehicles underpaying. Paying federal fuel tax but probably doing more damage.
285	Batten	Heavier vehicles contribute federal revenue in the form of fuel tax, use tax, tire tax, excise tax.
310	Pozdena	Comments that local data needs to be input as well. Discusses efficient fees in the study.
325	Balducci	Explains there is no federal weight mile tax. In Oregon the heavy vehicles pay more because of the weight-distance tax.
340	Chair George	Comments that federal revenues would fall short on heavier vehicles.
360	Pozdena	Discusses efficient fees, which are sensitive to the burden on the system.
		Vary fees according to congestion. If that system were in place, the basic, heavy vehicle shares were considered. In Oregon the data needed does not exist. For demonstration purposes, however, allocation by vehicle class, basic and nonbasic, would not be dramatically different from what it is today.
TAPE 31, B		
006	Pozdena	States there would not be dramatic difference from today even though there would be a different way of collection.
021	Pozdena	Discusses recommendations for future studies. Explains the new model should reduce the effort required in future studies.
		Implications of federal and local revenues. Improve collection of time of day traffic counts and weigh-in-motion data.
040	Chair George	Asks if the counters on Hwy 217 have the capacity to distinguish between a truck and a car.
045	Batten	Explains facilities to distinguish types of vehicles. They can count the axles, the axle spacing, and overall length of vehicle
052	Chair George	Thanks the witnesses for explaining the study.
070	Balducci	Explains weight mile tax rates slide. Explains the current rate schedule extends projection outward. Explains the background make up of the former study group members.
129	Batten	Says the key rate is for the 80,000-pound class.
133	Sen. Carter	Asks statistically what is the percentage cost.
139	Batten	Half the total heavy truck revenue is collected in the 80,000-pound truck class.
142	Balducci	Explains the significance of this study.
		Compares to last study.

172	Balducci	Continues explaining significant changes.
184	Batten	Explains the current rates and the 78,000 to 80,000-pound rates. Recommended rates go above the net cost line because of the 5 percent adjustment for evasion.
194	Mel Zucker	Oregon Transportation Institute. Asks if information was from STIP categories or were they broken into basic components.
199	Batten	ODOT broke the projects into work type categories.
266	Zucker	Asks about specific allocations and if they were broken down into components such as modernization or preservation.
300	Batten and Zucker.	Continue discussing approaches in the cost study allocation study.
350	Chair George	Asks Mr. Zucker to submit his questions to him and he will get the answers from the consultants.
TAPE 32, A		
020	Chair George	Adjourns meeting at 5:25 p.m.

Submitted By,

Reviewed By,

Nancy Masee,
Committee Assistant

Patrick Balducci,
Administrator

EXHIBIT SUMMARY

A - Written testimony, Staff, 30 pp

B – Written testimony, R. Pozdena and C. Batten, 85 pp