

**SENATE COMMITTEE ON GENERAL GOVERNMENT AND
TRANSPORTATION**

March 13, 2001 Hearing Room 343
3:00 pm Tapes 54 - 55

MEMBERS PRESENT: **Sen. Gary George, Chair**
 Sen. Rick Metsger, Vice-Chair
 Sen. Bev Clarno
 Sen. Ken Messerle

MEMBER EXCUSED: **Sen. Margaret Carter**

STAFF PRESENT: **Patrick Balducci, Administrator**
 Nancy Masee, Committee Assistant

MEASURE/ISSUES HEARD:
 HB 2119 Public Hearing and Work session
 HB 2122 Public Hearing and Work Session
 SB 640 Public Hearing
 SB 697 Public Hearing
 Informational - History and Overview of Flat Fees in Oregon

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 54, A		
030	Sen. Gary George	Chair. Opens meeting at 3:10 pm. Opens public hearing on HB 2119.
HB 2119 PUBLIC HEARING		
040	Patrick Balducci	Committee Administrator. Explains HB 2119.
085	Randall Edwards	Oregon State Treasurer. Supports HB 2119. Explains that HB 2119 clarifies some technicalities regarding the Oregon Growth Account. Discusses the investment process of the Oregon Growth Account (EXHIBIT A).
125	Jim Craven	American Electronics Association (AEA). Supports HB 2119. Explains how the Oregon Growth Account is growing.
138	Chair George	Closes public hearing. Opens work session
HB 2119 WORK SESSION		
142	Sen. Metsger	MOTION: Moves HB 2119 to the floor with a DO PASS recommendation.
143		VOTE: 3-0 EXCUSED: 2 - Carter, Clarno Chair Hearing no objection, declares the motion CARRIED. SEN. METSGER will lead discussion on the floor.
145	Chair George	Closes work session. Opens public hearing on HB 2122.
HB 2122A PUBLIC HEARING		
187	Balducci	Explains HB 2122A.
190	Randall Edwards	Supports HB 2122A. Explains why HB 2122A is needed.

		Technical change in notification of refunding bonds. Explains the amendment (exhibit b).
232	Sen. Messerle	Asks if school districts default, is the state responsible?
234	Chuck Smith	Oregon State Treasury. Explains how the school district arrangement is made. The school districts are always responsible for paying debt service on their bonds. If the school districts were participating in the state program, the state would step in and ensure that the district does not default.
253	Edwards	Adds information on school districts. There never has been a default on school district bonds.
258	Chair George	Asks if there are savings to the school districts.
260	Smith	Answers the savings are a result of the state's high credit rating. As a result, schools can borrow at lower costs.
262	Edwards	Explains that refunding takes advantage of lower interest rates.
264	Sen. Metsger	Asks for examples on a forward current refunding short term bonds.
267	Smith	Forward current refunding bond. Describes governmental purpose bonds and gives example of private bonds. For example, housing bonds or energy bonds used by private parties.
324	Ken Armstrong	Seattle Northwest Securities Corporation. Sponsored amendment. Technical fix extends date when payments are made. Some districts can take advantage of refunding.
250	Chair George	Closes public hearing. Opens work session on HB 2122A.
HB 2122A WORK SESSION		
271	Sen. Metsger	MOTION: Moves HB 2122A to the floor with a DO PASS recommendation.
272		VOTE: 3-0
		EXCUSED: 2 - Carter, Clarno
	Chair	Hearing no objection, declares the motion CARRIED.
		SEN. METSGER will lead discussion on the floor.
274	Chair George	Closes work session. Opens public hearing on SB 640.
SB 640 PUBLIC HEARING		
280	Balducci	Explains SB 640.
325	Dee Bridges	Oregon Forest Products Transportation Association. Supports SB 640. Introduces Leon Fisher, Siletz Trucking Company. Explains why SB 640 is needed. Discusses some counties would be eligible for shorter permits. Asks the state to determine which counties require shorter permits, not being eligible for over dimensional permits. HB 3662 was introduced recently. If HB 3662 does not pass, SB 640 should pass.
TAPE 55, A		
040	Bridges	Continues presentation. Asks that SB 640 be moved to the floor with a do pass recommendation. The bill requires the state to be the final arbitrator. The issue is that the truckers should not have to deal with 36 county road authorities. Asks for amendments to bring SB 640 to its original intent.
080	Chair George	Asks that they get together and write an amendment that will be agreeable to all parties.
100	John Oshel	Association of Oregon Counties (AOC). Says there is inconsistency with the counties. Says SB 640 does not solve that problem. SB 640 causes a radical change in the fee structure.
145	Oshel	Summarizes that SB 640 is not adequate to solve the problems of inconsistency.
150	Chair George	Asks for ideas to make the bill agreeable.

157	Oshel	Answers that there is not agreement yet.
160	Chair George	Says the bill will be held for further work. Closes public hearing on SB 640. Opens informational hearing on history and overview of flat fees in Oregon.
179	Balducci	Gives background on flat fee system in Oregon. Describes fees for log trucks, sand and gravel trucks, and wood chip trucks. Explains justification for flat fees was that they were designed for small companies. Explains studies on flat fees mandated by law. Describes the weight mile tax system.
380	Balducci	Continues discussing questions on studies. Comments on possibly discontinuing flat fees.
3385	Chair George	Opens public hearing on SB 697.
SB 697 PUBLIC HEARING		
010	Balducci	Explains SB 697.
016	Dee Bridges	Oregon Forest Products Transportation Association (OFPTA). Introduces Leon Fisher, Siletz Trucking. Gives background on OFPTA. Describes members as mainly small operations that pay flat fees. Says record keeping is not their strongest skill (EXHIBIT C) .
TAPE 54B		
030	Bridges	Supports SB 697. Says truck drivers do not keep good records. Explains the ODOT form truckers have to fill out. Says forms need to be simplified.
090	Sen. Messerle	Asks if there are more back hauls today than in the past.
100	Bridges	Answers you are correct. Says it is impossible to under-report but it is easy to over-report taxable miles on the form. Comments that the flat fee study was erroneous. States that SB 697 offers a better way to determine flat fees. Comments that the number of unloaded miles are increasing.
125	Sen. Metsger	Asks if all heavy trucks should be subjected to weight-mile taxes.
130	Bridges	Answers that small truckers would not benefit from weight-mile taxes.
174	Mike Marsh	ODOT. States ODOT is statutorily mandated to do the flat fee study. Explains the process taken from reports. SB 697 would require a full interview and full survey process by ODOT. If the flat fee function continues, legislative intent should be made clear. Suggests that small truckers have the option of cutting flat fee back.
190	Sen. Messerle	Asks why small truckers were not included in the study.
194	Marsh	Explains the study. ODOT tried to educate truckers on the subject the first time through. It was felt that reasonable communication had been made.
256	Sen. Messerle	Comments that assumptions were made by ODOT that need to be clarified and the small truckers need to be included in the study.
266	Marsh	Said that the challenge is how to get better information.
285	Sen. Messerle	Asks about graphs shown.
290	Balducci	Explains the graphs.
298	Sen. Messerle	Refers to the bar graphs and questions if there may be an error in the flat fee study.
314	Balducci	Comments that the 1997 survey was discarded.
319	Marsh	Refers to the after 1998 study using 1997 data.
344	Sen. Messerle	Comments on the graph.
358	Marsh	Answers the reality is that data are from estimates of users.
370	Balducci	Comments on 1998 studies.

375	Gregg DalPonte	Deputy Director, Motor Carrier Division. Explains the flat fee in study 1998 looked at 1997 data. It reflects changes in process from prior studies. There may have been erroneous assumptions made.
TAPE 55,B		
020	DalPonte	Continues explaining the 1998 flat fee study. Describes discrepancies in the way taxpayers completed flat fee reports. As a result the 1998 flat fee study was considered inaccurate. The 2000 study was different in that it did not sample motor carriers but lines of data.
113	Chair George	Asks, based on the information, what needs to be done.
121	DalPonte	Answers that ODOT has considered the option of eliminating the flat fee. The question to the legislature is there a benefit to the flat fee system that justifies the cost and time it takes. Flat fees receive \$11 million. States that fleets of more than 2 trucks pay 75 percent of flat fees. Suggests to relegate the flat fee to truckers with one or two trucks.
130	Chair George	Asks the parties to consider the information heard today and hold this bill over.
200	Sen. Messerle	Asks Mr. DalPonte for a breakdown in writing. Is there more accuracy in bookkeeping by the larger fleets?
201	DalPonte	Says that larger companies may have accountants.
215	Bob Ottele	ODOT. Motor Carrier Audit Manager with Financial Services. Comments that larger companies would have accountants and different methods of record keeping than very small operations.
240	Sen. Messerle	Asks if the audit has any way to check total miles and breakdown.
243	Ottele	Replies that from the tax reports a fair comparison is probably not possible.
250	Sen. Messerle	Asks about the tax report forms.
261	Ottele	Replies that beginning and ending odometer readings are reported.
270	Sen. Metsger	Asks about comparing small truck fleet reports with larger fleet reports for accuracy.
275	Ottele	Replies that tax reports and forms could be compared.
304	Sen. Messerle	Suggests that truck reporting is difficult. Asks to develop a form and process that is simplified, easier and quicker to fill out.
320	Chair George	Asks for a list of different classes of carriers and total number of one and two truck owners and the amount of tax currently being paid.
350	Chair George	Adjourns meeting at 4:50 pm.

Submitted By,

Reviewed By,

Nancy Masee,
Committee Assistant

Patrick Balducci,
Administrator

EXHIBIT SUMMARY

A – HB 2119, written testimony, Randall Edwards, 2 pp

B – HB 2122A, written testimony, Randall Edwards, 1 p

C – SB 697, written testimony, D. E. Bridges, 4 pp