

## HOUSE REVENUE COMMITTEE

MAY 11, 1999 ñ 8:15 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

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Members Present: Rep. Ken Strobeck, Chair

Rep. Anitra Rasmussen, Vice Chair

Rep. Deborah Kafoury

Rep. Diane Rosenbaum

Rep. Lane Shetterly

Rep. Jim Welsh

Rep. Max Williams

Rep. Bill Witt

Members Excused: Rep. Jeff Merkley

Staff: Paul Warner, Legislative Revenue Officer

Richard Yates, Economist, Legislative Revenue Office

Barbara Guardino, Committee Assistant

Witnesses: Robert Russell, Oregon Trucking Association

### TAPE 180, SIDE A

005      Chair Strobeck                      Called meeting to order at 8:25 a.m. Opened work session on HB 2082-A.

WORK SESSION ñ HB 2082-A

009	Richard Yates	Reviewed HB 2082 ñA15 amendments ( <b>EXHIBIT 1</b> ), which were redrafted from the ñA11 amendments. ñA15 amendments eliminate first part of ñA11 which changed the distribution shares. Section 15 adds up to \$3 million per year for Eastern Oregon counties that have experienced decreases in federal forest fees.
063	Yates	Reviewed HB 2082-A16 amendments ( <b>EXHIBIT 2</b> ). Includes recommendations from 1999 highway cost allocation study. Page 1, Section 3, road use assessment fee. Discussed Axle-Weight Mileage Tax Rate Table, corrections.
121	Yates	Discussed page 3 of ñA16 amendments, Axle-Weight Mileage Tax Rate Table, which includes weights from 26,000 to 105,500 pounds.
164	Bob Russell	Oregon Trucking Association (OTA) is concerned with significant changes in the ñA16 amendments. Tax rates currently are based on engineering formula. Tax table in amendments is only partial. Page 2 asks Oregon Dept. of Transportation (ODOT) to set tax rates. OTA understood that the legislature set tax rates. This is unusual.  Page 3, significant changes in weight mile tax.
222	Yates	Excused reasoning behind tax tables as they are in amendments.
246	Russell	Would be comfortable retaining formula as it appears currently in statute.
249	Russell	See Comparison of WMT Rates, Preliminary, and New Recommended Weight-Mile Tax Rates ( <b>EXHIBIT 3</b> ). Illustrates significant change in relationships. Shows burden is shifted from heavy weight trucks to light weight trucks. 80,000-pound trucks get a reduction. Burden shifts from interstate trucks to Oregon trucks.
301	Chair Strobeck	Believes previous testimony showed this chart in a different configuration and concluded that, as a class, the 80,000-pound trucks were already paying more than their share, and lighter costs were paying less. Wouldn't this reflect true cost responsibility?
312	Russell	There is no such thing as true cost responsibility. It one opinion versus another. Sees significant economic impact to trucking industry in adopting the recommendation to shift burden from interstate trucks to small in-state trucks.
388	Chair Strobeck	How are policymakers supposed to decide which calculation is more accurate?
395	Russell	Look at impacts of the recommendations and recognize that cost responsibility is not a science. Two different agencies can do a study and come to different results, and both can be right. Urged committee to look at impacts on trucking industry.

425 Russell Page 3 of ñA16 amendments take the axle weight distance tax which now only applies to trucks over 80,000 pounds and making tax rate sensitive to number of axles. In current law, distinction only applies to heaviest trucks. This tax table takes it down to 26,000 pounds. This adds 100 more tax rates to the system. Axle weight-distance tax doesn't work. To extend it doesn't make sense.

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036 Yates Concurred that the calculation in previous weight mile tables referred only to vehicles 80,000 pounds or higher. Referred committee to original bill, tables being deleted show single rate from 26,000 pounds to 80,000 pounds. ODOT proposed these changes, and House Transportation Committee adopted it.

065 Rep. Merkley Questions concerning charts.

099 Russell Distributed table created by Mr. Yates, Weight-Mile Tax Rates from 1999 HCAS: Change From Current Law (**EXHIBIT 4**).

114 Rep. Merkley Questions concerning differences in tables.

125 Yates No way to explain differences. Would ask contractor why tables don't match up.

132 Russell Cost Allocation Study results were expected January 15. Trucking Association is still receiving them. Rates have changed significantly over the last few weeks. Asked committee not to rush, to give OTA an opportunity to look it over.

143 Chair Strobeck Committee does not have much time left, and has to make policy decisions based on available information.

169 Yates Continued review of ñA16 amendments ñ page 4, increases.

Page 5, line 2: \$5.55 fee for log carriers would increase to \$7.64.

Page 5, line 18, suggested delete special treatment for in lieu taxes for farm vehicles. It is not used.

Line 28, increases fee for sand and gravel trucks from \$5.50 to \$8.07.

Line 36, increases fee for vehicles hauling wood chips from \$22.40 to \$40.38.

205	Yates	<p>Recommended that vehicles less than 8,000 pounds do not pay less than automobiles. Suggested raising fee on page 7 line 25 for commercial buses and special vehicles from \$15 to 20.</p> <p>Page 10, farm vehicles less than 8,000 pounds, fee is \$15, increase to \$20.</p>
226	Yates	<p>Began review of HB 2082-A17 amendments (<b>EXHIBIT 5</b>). Would increase fuel tax by 6 cents rather than 4 cents beginning January 1, 2000.</p> <p>Page 1, line 16: Increases tax to 30 cents. Same change on page 2, line 8, use-fuel tax.</p> <p>Page 4: Delete lines 1-43.</p> <p>Page 6: Delete lines 22-31.</p> <p>Questions and discussion interspersed.</p>
372	Yates	<p>Continued review of HB 2082 ñA17 amendments: page 3, Section 7, (5): What to do with registration fees; registration formula stays the same at 60% to state; 20% to counties and 16% to cities.</p> <p>Section 7a Page 3, line 5: Distribution is only good for two years.</p>
418	Yates	<p>Page 4, Section 7c, line 3: Moneys shall be used only for road and bridge maintenance and preservation.</p> <p>Section 15: Sets up money allocated to Eastern Oregon counties.</p> <p>Section 16: Modifies distribution to special allotment for cities.</p> <p>Page 5, Section 17: Adds other counties to this provision.</p>
456	Yates	<p>Page 7, Section 21: Amount of county money that can be bonded and uses for those funds.</p> <p>Section 22: Same for city bonding.</p>

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026	Yates	<p>Page 8, Section 24: Discounts allowed to heavy weight vehicles if they equip majority of fleet with transponders.</p> <p>Section 24: Electronic deductions.</p>
040	Chair Strobeck	<p>This is almost the ending point. Which formula to use is still a point of discussion.</p>

053	Rep. Rosenbaum	Questions concerning section 24, technological improvements.
057	Yates	They are for the purpose of reducing administrative costs.
069	Yates	<p>Reviewed ODOT Revenue Forecast: Current Law, Various Proposals</p> <p>Lays out HB 2082-A (<b>EXHIBIT 6</b>). Includes A-Engrossed version of HB 2082, as well as ñA17 amendments version.</p> <p>Page 1, Current Law: March forecast.</p>
138	Yates	<p>Adjusted to 1999 HCAS</p> <p>Proposal 2: +6 cent Fuel Tax, \$10 Basic Registration Fee on 1/1/2000</p> <p>Distribution of Revenue ñ Current Law, Adjusted Current Law</p>
171	Yates	<p>Page 2: 1999HCAS Weight-Mile Tax Rates ñ Coincide with adjusted current law</p> <p>Page 5: HB 2082-A17: Fiscal Year, Distribution of Revenue</p>
233	Yates	Page 6: Tax and Fee Schedules for HB 2082A. Compare total before bonding with adjusted current law.
283	Rep. Witt	Is it correct to conclude local bonding would be \$260 million?
285	Yates	Correct.
296	Chair Strobeck	Closed work session on HB 2082-A. Opened work session on HB 3344-A.

**WORK SESSION ñ HB 3344-A**

314	Yates	<p>Reviewed HB 3344 ñA8 (<b>EXHIBIT 7</b>). Attempt to make bill easier to administer.</p> <p>ñA9 amendments (<b>EXHIBIT 8</b>). Page 8 of bill, line 34: Raises maximum bonding for licensed fuel suppliers.</p> <p>ñA10 amendments (<b>EXHIBIT 9</b>). Page 12 of bill deals with whose records the Dept. of Revenue may examine.</p> <p>ñA11 amendments (<b>EXHIBIT 10</b>). Page 14, lines 2-26, penalty provision.</p>
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396 Yates ñA12 amendments (**EXHIBIT 11**). Refund provisions Section 36, pages 18-19.

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020 Yates Continued discussion of amendments:

HB 3344 ñA13 (**EXHIBIT 12**) and ñA18 amendments (**EXHIBIT 17**). Discussed problems with adjustment mechanism (page 48). ODOT can't meet the April and October deadlines.

Adopts a new provision for adjustment in lieu of Section 81. Forecast will compare diesel fuel taxes and registration fees to find whether they met heavy vehicles cost responsibility share.

047 Yates -A14 amendments (**EXHIBIT 13**). Adds new Section 29a, b, and c to page 17 of bill. Provisions are same as in HB 2190 that allow ODOT to handle collection of delinquent accounts

057 Yates -A15 amendments (**EXHIBIT 14**) refer to page 18 of bill.

068 Yates -A16 amendments (**EXHIBIT 15**) give Legislative Revenue Office access to confidential Dept. of Transportation records.

081 Chair Strobeck Closed work session on HB 3344-A. Adjourned meeting at 9:58 a.m.

Submitted by, Reviewed by,

Barbara J. Guardino Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2082, Yates, Proposed Amendments to A-Engrossed House Bill 2082 (HB 2082-A15), 4 pp.
2. HB 2082, Yates, Proposed Amendments to A-Engrossed House Bill 2082 (HB 2082-A16), 5 pp.
3. HB 2082, Russell, Comparison of Current WMT Rates, Preliminary, and New Recommended Weight-Mile Tax Rates, 1 p.
4. HB 2082, Yates, Weight-Mile Tax Rates from 1999 HCAS: Change From Current Law, 1 p.
5. HB 2082, Yates, Proposed Amendments to A-Engrossed House Bill 2082 (HB 2082-A17), 8 pp.

6. HB 2082, Yates, ODOT Revenue Forecast: Current Law, Various Proposals, 6 pp.
7. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344, (HB 3344-A8), 1 p.
8. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344, (H 3344-A9), 1 p.
9. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344, (HB 3344-A10), 1 p.
10. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344 (HB 3344-A11), 1 p.
11. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344 (HB 3344-A12), 1 p.
12. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344 (HB 3344-A13), 1 p.
13. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344 (HB 3344-A14), 2 pp.
14. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344 (HB 3344-A15), 1 p.
15. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344 (HB 3344-A16), 1 p.
16. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344 (HB 3344-A17), 1 p.
17. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344 (HB 3344-A18), 1 p.
18. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344 (HB 3344-A19), 1 p.
19. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344 (HB 3344-A20), 1 p.
20. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344 (HB 3344-A21), 1 p.
21. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344 (HB 3344-A22), 1 p.
22. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344 (HB 3344-A23), 1 p.
23. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344 (HB 3344-A24), 1 p.
24. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344 (HB 3344-A25), 1 p.