

## HOUSE REVENUE COMMITTEE

MAY 17, 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. Jeff Merkley

Rep. Diane Rosenbaum

Rep. Lane Shetterly

Rep. Jim Welsh

Rep. Max Williams

Rep. Bill Witt

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Richard Yates, Economist, Legislative Revenue Office

Barbara Guardino, Committee Assistant

Witnesses: Rep. Leslie Lewis, District 29

George Lewis, Dundee

Dave Hageburg, Yamhill County

Gil Riddell, Association of Oregon Counties

Bob Russell, Oregon Trucking Association

Grace Crunican, Oregon Dept. of Transportation

David Tyler, Oregon Dept. of Transportation

**TAPE 189, SIDE A**

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

**WORK SESSION ñ HB 2082-A**

014 Rep. Lewis Spoke in support of the measure with HB 2082 -A18 amendments (See May 14, exhibit 9). Introduced panel. Serious traffic problem in Yamhill County, Highway 99W through Newberg and Dundee. Serious need for bypass. The 1995 legislature passed legislation to build a toll road. County has done studies on this. Is losing right-of-way options because of development, and is asking committee to move forward with the project. This is a tax increase. Expressed support for HB 2082-A because of this project and many more similar projects.

059 George Lewis Spoke in support of the measure with HB 2082-A18 amendments. Concurred with Lewisí concern with problems in Dundee. Police and fire department cannot handle the traffic load. Each year there are 350 traffic accidents on a three-mile stretch. Motorists are not speeding; the problem is congestion. This affects the livability of Dundee. Accident rate is twice the current rate for a similar highway. City council supports bill with -A18 amendments to build a toll road.

089 Dave Hageburg Spoke in support of measure with HB 2082-A18 amendments. Yamhill County and other counties have put together transportation projects. HB 2082-A helps build these projects. Toll legislation brings additional revenues. There are four projects authorized in toll legislation: Dundee, Tualatin-Sherwood, Longview-Rainier bridge, metropolitan Portland. The need is desperate. The amendments will enable counties to do these projects. Polls show that residents want a toll road. People who donít want to pay the toll can choose alternative routes.

Questions and discussion interspersed.

166 Chair Strobeck Suspended work session on HB 2082-A. Opened work session on HB 2039.

**WORK SESSION ñ HB 2039**

172 Paul Warner HB 2039 gives the Dept. of Revenue the authority to establish a list of property tax expenditures. County assessors then certify impact of those expenditures on their counties. Sets up Property Tax Expenditure Funding Account.

189 Warner Directed membersí attention to HB 2039-1 amendments **(EXHIBIT 1)**.

Amendments set a 50% reimbursement rate from funding account. Excludes schools. Association of Oregon Counties (AOC) drafted ñ1 amendments.

214	Rep. Shetterly	Bill is unclear that local property tax options are exempt.
235	Gil Riddell	Does not believe AOC anticipated that this would cover local option programs. Another issue, sunset. Major loopholes: New funds could be under-funded, and new exemptions could be done notwithstanding. This bill is in line with governor's advisory committee, which recommended constitutional amendment to fully reimburse revenue losses. Would like to see process of considering new expenditures put into statute.
282	Vice Chair Rasmussen	Would support 11 amendments.
285	Rep. Merkley	How did AOC settle on 50% reimbursement rate?
287	Riddell	Political practicality. Also, local governments assume they will be full partners with state in terms of tax policy, particularly with property tax expenditures. Makes sense that local governments would share in expense.
307	Rep. Shetterly	Believes this is fair. Also, not sure where issue of sunset fits in.
325	Riddell	AOC is open to consider any further adjustments to 11 amendments.
348	Rep. Shetterly	<b>MOVED -1 AMENDMENTS TO HB 2039 BE ADOPTED. ASKED FOR ANY OBJECTIONS TO MOVING 11 AMENDMENTS INTO HB 2039. HEARING NO OBJECTION, THE CHAIR SO ORDERED.</b>
362	Vice Chair Rasmussen	<b>MOTION: MOVED HB 2039, AS AMENDED, TO WAYS AND MEANS COMMITTEE WITH A DO PASS AS AMENDED RECOMMENDATION.</b>
367	<b>VOTE</b>	<b>ROLL CALL VOTE: MOTION PASSES 9-0-0</b>  <b>REPRESENTATIVES VOTING AYE: KAFOURY, MERKLEY, ROSENBAUM, SHETTERLY, WELSH, WILLIAMS, WITT, VICE CHAIR RASMUSSEN, CHAIR STROBECK</b>
380	Chair Strobeck	Closed work session on HB 3019. Opened work session on HB 2082-A, HB 3344-A. Will not move these bills today.

**WORK SESSION 11 HB 2082-A, HB 3344-A**

396	Richard Yates	Reviewed Summary Report: Oregon Highway Cost Allocation Study ( <b>EXHIBIT 2</b> ). Summary includes purpose, scope, and description of the study, also results.
425	Yates	Page 5, Exhibit 1 of report: Cost Responsibility for Construction and Other Expenditures by Expenditure Category

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022	Yates	Exhibit 2: State Highway Administration and Other Highway-Related Functions  Exhibit 3: Cost Responsibility for Construction and Other Expenditures by Expenditure Category
047	Yates	Page 8, Revenue Attribution Results  Equity Comparison Results  Exhibit 4: Oregon Highway User Revenue by Type of Tax  Exhibit 5: Vehicle Miles, Revenue, and Cost Responsibility For All Vehicles Including Exempt Vehicles
080	Yates	Exhibit 6: Vehicle Miles, Revenue, and Cost Responsibility For Full-Fee-Paying Vehicles Only
091	Yates	Exhibit 7: Vehicle Miles, For Full Fee Paying Vehicles Only, Tax Subsidy Allocated among All Vehicles in Proportion to Full-Fee-Paying VMT
121	Yates	Page 14, Development of Recommended WMT Rates  Exhibit 8: Comparison of Current Weight-Mile Tax Rates and Recommended Weight-Mile Tax Rates
149	Yates	Exhibit 9 of report: Recommended Weight-Mile Tax Rates Per Mile by Number of Axles
169	Yates	Exhibit 10: Recommended Road Use Assessment Fees (cents per mile)  Exhibit 11: Recommended Changes in Registration Fees for Vehicles under 26,000 pounds RGW
208	Yates	Exhibit 12: Recommended Changes in Flat-Fee Rates

256	Yates	Began discussion of HB 3344-A30 amendments ( <b>EXHIBIT 3</b> ). Proposed by Oregon Trucking Association (OTA). Additional adjustment to registration fees for certain vehicles. See page 25 of bill.
338	Yates	Directed members' attention to chart, Amendments to HB 3344A ( <b>EXHIBIT 4</b> ). Lists amendments in order.
371	Yates	Briefly commented on each amendment, beginning with ñA8 and ñA14.

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015	Yates	Continued review of amendments listed in exhibit 5 beginning with ñA17 and ñA21.
075	Bob Russell	Spoke in support of the measure. Commented on HB 3344ñA4 and ñA26 amendments, dealing with cost allocation. Oregon Trucking Association prefers ñA4 amendments, but would prefer Legislative Revenue Office conduct cost allocation study. Directed members' attention to The Trucking Industry's Diesel Fuel Tax Proposal ( <b>EXHIBIT 5</b> ). Cost allocation study results. Reduce registration fees.
105	Russell	OTA supports HB 2082-A18 amendments.
112	Yates	Discussed HB 3344-A Revenue Impact Model ( <b>EXHIBIT 6</b> ). Addresses increase in diesel fuel tax, increase in registration fees, etc. Directed members' attention to HB 3344 Revenue Impact Model ( <b>EXHIBIT 7</b> ). Current Law Revenue; Lost Revenue
174	Yates	Continued discussion of exhibit 7: New Revenue
244	Yates	Concluded discussion of exhibit 7: Revenue Impact
268	Russell	Has not seen Yates' new model so cannot comment on it.
278	Chair Strobeck	Requested amendment from Yates' testimony.
283	Rep. Rosenbaum	Asked Russell why OTA preferred ñA4 amendments to ñA26.
293	Russell	Language in ñA26 amendments is too permissive. Suggests legislature "should" do

something but cannot require it. Language is clearer in ñA4.

303 Rep. Witt Is it appropriate to do cost allocation study every two years? How frequently has it been done in the past?

307 Russell Frequency varies. Federal government and most states do study every 10 years; Oregon does it every four years.

Questions and discussion.

414 Grace Crunican Spoke in support of HB 2082-A. See written testimony letter and list (**EXHIBIT 9**). Discussed prioritized list of state highway projects by region. Projects normally go through State Transportation Improvement Program (STIP) process. Total cost is \$725 million. Needs to be cut by \$25 million to meet target. Priority given to large projects, highways of statewide significance.

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025 Crunican Continued review of exhibit 9. Cost estimates are within target budget.

066 Crunican Comments concerning impact on work force. ODOT proposed contracting out two thirds of work and add staff for one third of work.

079 Chair Strobeck Thanked Crunican for project list. This will help lawmakers justify tax raises to constituents. Particularly likes idea of bonding to infuse capital dollars into projects.

117 Chair Strobeck Where does \$54 million normally used for modernization fit into this?

121 Crunican Directed members' attention to pages 6 and 7 of exhibit 9: Draft 2000-2003 STIP ñ State Modernization Projects. That figure is represented in the four-year STIP.

141 Chair Strobeck Questions concerning HB 2190 authorizing ODOT to be the collector of unpaid diesel taxes.

150 David Tyler ODOT has had discussions with trucking industry and with Mr. Yates on this matter. Is comfortable with addressing issues of bonding and collection in HB 2190.

161 Yates Concerning HB 2082-A: The -A19 amendments (**EXHIBIT 10**) reflect changes to ñA18 amendments. Mainly changes in bonding language. Asked ODOT to examine this and respond.

-A20 amendments (**EXHIBIT 11**) address changed vehicle registration fees between 8,000-26,000 pounds.

-A21 and A22 amendments (**EXHIBITS 12 and 13**) give alternative ways to deal with road use assessment.

185 Chair Strobeck

Adjourned meeting at 10:00 a.m.

Submitted by, Reviewed by,

Barbara J. Guardino Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2039, Riddell, Proposed Amendments to House Bill 2039 (HB 2039-1), 2 pp.
2. HB 2082, Yates, Summary Report: Oregon Highway Cost Allocation Study, 21 pp.
3. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344 (HB 3344-A30), 1 p.
4. HB 3344, Yates, Amendments to HB 3344A chart, 1 p.
5. HB 3344, Russell, The Trucking Industry's Diesel Fuel Tax Proposal Calendar Year 2000, 3 pp.
6. HB 3344, Yates, Revenue Impact of Proposed Legislation, 1 p.
7. HB 3344, Yates, HB 3344 Revenue Impact Model, 1 p.
8. HB 3344, Yates, Staff Measure Summary, 1 p.
9. HB 2082, Crunican, Oregon Dept. of Transportation letter and chart, 7 pp.
10. HB 2082, Yates, Proposed Amendments to A-Engrossed House Bill 2082 (HB 2082-A19), 11 pp.
11. HB 2082, Yates, Proposed Amendments to A-Engrossed House Bill 2082 (HB 2082-A29) 1 p.
12. HB 2082, Yates, Proposed Amendments to A-Engrossed House Bill 2082 (HB 2082-A21), 3 pp.
13. HB 2082, Yates, Proposed Amendments to A-Engrossed House Bill 2082 (HB 2082-A22), 1 p.