

HOUSE COMMITTEE ON TRANSPORTATION

March 15, 1999 Hearing Room D

8:30 a.m. Tapes 47 - 48

MEMBERS PRESENT: Rep. Bob Montgomery, Chair

Rep. Mike Rep. Lehman, Vice-Chair

Rep. Richard Rep. Devlin

Rep. Jim Hill

Rep. Jeff Kropf

Rep. Jerry Krummel

Rep. Jane Lokan

Rep. Jackie Taylor

Rep. Vicki Walker

Rep. Larry Wells

STAFF PRESENT: Janet Adkins, Administrator

Brad Daniels, Administrative Support

MEASURE/ISSUES HEARD: HB 2082 Public Hearing

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 47, A		

004	Chair Montgomery	Opens the meeting at 8:32 a.m.
013	Rep. Hill	Asks if the ñ2 amendments are committee amendments (EXHIBIT A).
015	Chair Montgomery	Replies yes. Opens the public hearing on HB 2082.
<u>HB 2082 PUBLIC HEARING</u>		
025	Betsy Earls	Associated Oregon Industries (AOI). Supports HB 2082. Relates the background of HB 2082. Notes the varied interests of AOI members in the transportation structure as manufacturers, employers and taxpayers. Explains HB 2082, the rate of gas tax increases, and concerns about accountability (EXHIBIT B).
075	Earls	Describes the increases in the auto registration fee and the weight-mile tax.
079	Bruce OiNeil	Chairman, AOI. Supports HB 2082. Stresses the need for road improvements and immediate transportation funding.
102	Ed Balsiger	Former chair, AOI. Reviews his experience with the transportation issue. Describes the transportation concerns of Eastern Oregon, noting the dependence on highways over rail, the geographical challenges and the poor condition of county roads.
150	Balsiger	Discusses possible solutions, including increased local decision-making, incentives and improved, state-wide communication. States that efficiency is not the total answer; investment in infrastructure is required.
175	Tom Zelenka	The Schnitzer Group. Notes the diversity of AOI members' business interests. Stresses the importance of truck traffic to the state's economy. Discusses the difference between freight mobility needs and car transportation. States that Washington is a good example of prioritizing the freight issue (EXHIBIT C).
232	Zelenka	Supports HB 2082 as a first step in the transportation dialogue. Stresses the importance of transportation to business.
251	Chair Montgomery	Commends AOI for their leadership on this issue.
256	Rep. Krummel	Asks about discussions of a \$10 increase in registration fees for high-growth counties.
266	Earls	Replies that AOI left this issue out of HB 2082 in order to streamline the bill.
274	Rep. Krummel	Asks if rail use will increase in Eastern Oregon given the changes in Union

		Pacific.
286	Balsiger	Responds no. States that rail shipping amounts are limited and are declining.
303	Rep. Krummel	Asks if more grain is moved by barge.
308	Balsiger	Replies yes.
311	Rep. Devlin	Asks for comments on the proposed ñ2 amendments.
320	Earls	Replies that they have not reviewed the ñ2 amendments.
328	Rep. Wells	Cites an <u>Oregonian</u> article that indicates Oregonís gas tax is currently tied for tenth highest in the nation and will be third if HB 2082 passes. Cites information from the Oregon Department of Transportationís (ODOT) web site that revenues have increased 148% since 1986 while the CPI and population increases have been lower. Expresses concern about these statistics.
360	Earls	Responds that the gas tax is oriented toward a user fee. Indicates that Oregon is a cheap state to own a car. States that the cost of building roads, population growth and road wear may be reasons why the gas tax needs to be increased.
408	Rep. Lehman	Asks for anecdotal evidence about the effect of a deteriorating infrastructure on business activities.
411	Balsiger	Replies that gravel county roads and narrow roads create difficulties.
TAPE 48, A		
009	Zelenka	States that the method of moving scrap metal has shifted to a trucks over rail. Relates the difficulties of moving scrap by truck.
033	OíNeil	Discusses the interruptions and delays caused by road maintenance.
044	Rep. Lehman	Asks if HB 2082 as written, with three-cent incremental increases in the gas tax (3+3 system), provides for any "wiggle room" on the numbers, or if the tax increase simply is the minimum amount required to maintain current road levels.
048	Earls	Replies that a six-cent increase is the better package; however, if the four cents did pass, they would prefer the increase up front rather than a 2+2 system. Cites the similar levels of support for six or four-cent increases.

060	Rep. Hill	Asks for the reasoning behind the 3+3 structure.
065	Earls	Answers that the incremental structure gives the business community the opportunity to track ODOT's accountability.
074	Rep. Hill	Asks what the tangible results will be if HB 2082 passes.
081	Earls	Replies that the increase will raise about \$184 million per year, which will increase ODOT's ability to maintain roads.
092	Rep. Hill	Asks what specifically AOI was looking at as a possible measurement of the gas tax's effectiveness.
097	Earls	Replies that they were looking at the STIP.
103	Rep. Taylor	Asks Balsiger if he sees any continuing role for the Efficiency Committee.
112	Balsiger	Replies that he was not a member of the Efficiency Committee. States that he does see a role for that type of committee.
119	Rep. Kropf	Notes that he is having difficulty rousing support for a gas tax increase in his district. Asks Balsiger what he should do.
133	Balsiger	Replies that sentiment against taxes in his area is similar, but the necessity for transportation funding is a greater concern. Emphasizes the importance of educating the public
141	Rep. Kropf	Cites the last sentence of EXHIBIT C . Asks Zelenka what he means by "soft" or "alternative roadway" projects.
148	Zelenka	Replies that he would like the additional revenue to go to actual roads for increased capacity.
163	Rep. Kropf	Asks if AOI considered tying the gas tax to inflation increases.
172	Earls	Replies that the problem with tying the gas tax to a CPI is the inability to review the effectiveness of the increase and the lack of control over the process.
205	Don McClave	Portland Chamber of Commerce. Supports HB 2082. Stresses the importance of passing a funding package. Comments on the connection between Oregon's past economic problems and transportation. Describes the difficulty of moving products from manufacturing sources to shipping points.

258	McClave	Notes the importance of metropolitan areas to the state's economy. Discusses the substantial population growth in the state. Expresses willingness to review other possibilities, but stresses the importance of passing a funding package.
311	Doug Tindall	Maintenance Engineer, ODOT. Describes the beginning of the gas tax and the challenges of Oregon's geography to the state highway infrastructure (EXHIBIT D).
350	Tindall	Reviews examples of landslides and road deterioration. Describes the road damage from 1996 flooding as well as damage caused by recent weather, stressing that it is a statewide issue.
408	Tindall	States that the age of Oregon's transportation system is another challenge. Discusses a number of bridges, repairs, their cost and inspection techniques.
TAPE 47, B		
045	Tindall	Notes that maintenance costs are \$5300/mile/year, which includes snow and ice removal. Describes the problem of congestion, incidents and the methods ODOT employs to keep traffic moving.
085	Tindall	Describes the replacement and protection of historic bridges.
100	Walker	Asks Tindall to explain cathodic protection.
102	Tindall	Replies that a small electronic current is passed through the bridge structure in order to decrease corrosion.
107	Crunican	Adds that, in one case, cathodic protection cost \$9 million, but saved a \$40 million bridge replacement cost.
111	Tindall	Reviews methods to keep traffic moving, including variable message signs and cameras. Reviews ODOT's efforts to maintain the traffic system.
132	Mike Marsh	Executive Deputy Director, ODOT. Analyzes graphically the state highway investment needs and compares the current revenue with various maintenance or construction scenarios (EXHIBIT D, pp. 17).
145	Rep. Lehman	Asks for a description of the real world effects of each level.
152	Crunican	Discusses each level, what they represent in actual terms for the highway system and what can be done with various revenue scenarios: <ul style="list-style-type: none"> • Level 1 ñRepresents current revenues • Level 2 ñContinues current condition ratings with shifts in emphasis to

		<p>high-volume roads and structures, but implicitly acknowledges a steady decline in road conditions.</p> <ul style="list-style-type: none"> • Level 3 ñAllows for a long-term preservation strategy and maintenance of condition rating. • Level 4 ñAddresses modernization projects.
198	Rep. Lehman	Asks if they have applied the separate gas tax proposals to the particular levels.
202	Crunican	Replies no. States how much money the state will receive under each proposal.
214	Rep. Taylor	Asks for clarification of the 77% fair or better classification.
217	Crunican	Explains the rating levels and the current condition of the state highway system with respect to those rating levels. Describes the decline in the ratings in recent years.
243	Marsh	Discusses the real growth in fuel tax revenue and revenue per vehicle miles traveled (VMT).
260	Rep. Lehman	Asks about the graphs scales.
265	Marsh	Replies that 1969 represents the zero point. Explains why this year was chosen.
274	Adkins	Asks if the real growth numbers are adjusted for inflation.
278	Marsh	Replies yes. Adds that revenue per VMT is significantly down.
287	Crunican	States that the gas tax has increased since 1981, but revenue buying power has declined.
304	Rep. Hill	Asks about the value of the graphs to making a policy choice. Asks if there is information available about the amount of damage caused per VMT.
322	Marsh	Responds that there is a direct relationship between the condition of pavement, VMT and available revenue.
338	Rep. Hill	Asks about the future. Asks what the increase in the gas tax will buy.
350	Marsh	Replies that the history provides a context for discussing how revenues relate to pavement condition.
364	Crunican	Replies that a penny a year is required to keep up with inflation and sustain existing buying power. Adds that the ñ2 amendments do not even cover

		inflation. Notes that the six-cent proposal, combined with the efficiency program, may provide for some modernization.
403	Rep. Hill	Asks if it is possible to identify actual road improvements that will be made possible by the additional revenue. Expresses the need for tangible examples of what the revenue will buy.
TAPE 48, B		
011	Crunican	Explains that under the six-cent increase the existing roadways may be maintained. Discusses what may be possible from increased efficiency measures.
031	Rep. Hill	Asks if the six-cent increase will essentially "buy" the existing roads.
038	Crunican	Replies that, if the efficiency measures continue, the additional two cents after inflation will provide \$25 million per year.
044	Rep. Hill	Asks if the bill, as written, allows ODOT to do something more than preservation in the short term.
048	Crunican	Replies yes. Adds that inflation will eventually eat away the remaining two cents.
062	Chair Montgomery	States that the committee will begin meeting at 8:00 a.m.
066	Rep. Devlin	Asks Crunican what future costs are being incurred due to declining investments in preservation.
077	Crunican	Answers that low-volume roads are sliding below the fair or better rating, which will require four times the funds to return them to previous levels. Notes that a shift may be required to address bridges and other structures.
105	Rep. Lokan	Stresses the importance of knowing what the additional dollars will buy.
111	Crunican	States that the four cent proposal will not provide for any additional projects to the STIP, but the six cent proposal may allow for a few additional projects.
113	Rep. Kropf	Asks if additional federal money and additional volume in gas sales have been taken into account.
124	Crunican	Replies that additional gas sales have been accounted for in the revenue projections. States that they have not taken the federal funds into account, given the federal government's past record of not fully providing promised funds.

142	Chair Montgomery	Asks which portion of the budget provided for the Wilson River improvements.
146	Tindall	Replies that the money would have come from the Emergency Repair portion of the budget under the new provisions of HB 2478. Explains that the money came out of the Maintenance limitation of the existing budget and was reimbursed by the Federal Highway Administration.
151	Chair Montgomery	Asks if all emergency repair money would originate in the Emergency rather than the Safety portion of the budget.
155	Tindall	Answers yes.
156	Chair Montgomery	Asks how much the Astoria bridge repair would have cost without environmental restrictions. Indicates that it would have cost \$500,000 as opposed to \$3 million. Notes that the environment is costing money.
165	Jay Compton	Associated General Contractors (AGC). Supports HB 2082. Describes the contractors' perspective of the transportation issue. Commends ODOT's efficiency and effectiveness. Notes AGC involvement in HB 2478. Stresses that HB 2082 calls for a realistic and justifiable tax increase (EXHIBIT E).
230	Chair Montgomery	Closes the meeting at 10:15 a.m.

Submitted By, Reviewed By,

Brad Daniels, Janet Adkins,

Administrative Support Administrator

EXHIBIT SUMMARY

A nHB 2082, -2 amendments, staff, 25 pp.

B nHB 2082, written testimony, Betsy Earls, 2 pp.

C nHB 2082, written testimony, Tom Zelenka, 2 pp.

D nHB 2082, written testimony, Doug Tindall, 22 pp.

E nHB 2082, written testimony, Jay Compton, 2 pp.