

**HOUSE COMMITTEE ON TRANSPORTATION**

**April 12, 1999 Hearing Room D**

**8:30 a.m. Tapes 70 - 71**

**MEMBERS PRESENT: Rep. Bob Montgomery, Chair**

**Rep. Mike Lehman, Vice-Chair**

**Rep. Richard 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 3344 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 70, A		

004	Chair Montgomery	Opens the meeting at 8:35 a.m. Opens the public hearing on HB 3344.
<b><u>HB 3344 PUBLIC HEARING</u></b>		
015	Rep. Bob Jenson	District 57. Introduces Kenny Evans.
023	Evans	Keeco, Inc. Opposes HB 3344. Discusses the effects of deregulation and HB 3344 on small truckers. States that HB 3344 will increase his tax burden seven-fold and will not save administrative costs. Supports a more equitable, pay-as-you-go weight-mile tax structure.
063	Rep. Wells	Asks about the weights of his trucks.
065	Evan	Replies that they are 74,000 pounds
068	Rep. Wells	Asks about the mileage of his trucks.
068	Evans	Replies that they run around 5000 miles.
069	Rep. Wells	Asks if Evans needs to register the trucks for the entire year.
071	Evans	Replies yes.
072	Rep. Hill	Asks if Evans has ever evaded the weight-mile tax.
078	Evans	Replies no.
082	Rep. Walker	Asks how many trucks he has and if the paperwork is burdensome.
083	Evans	Replies that he has one semi in addition to cranes and boom trucks. States that the paperwork is not a burden to him.
091	Jim McCarty	Gainer Trucking. Opposes HB 3344. Describes his company, the number of miles his trucks run per year, and the probable effects of HB 3344. Expresses concern about small trucking companies, their high number of unloaded miles, and the effect of higher registration fees. Questions the possibility of revenue neutrality given the savings to larger companies and the undue emphasis on increased efficiency. Notes that they will not save paperwork as a result of HB 3344.
156	Rep. Wells	Asks about the registered weight of McCarty's trucks and if they are intrastate or interstate

157	McCarty	Replies that they run 42,000 pound trucks in and out of state. Adds that his company is manufactured housing and will receive a tax break under HB 3344.
161	Rep. Wells	Asks if he will save money or pay more under HB 3344.
163	McCarty	Replies that he will save under HB 3344. Notes that, if they were not exempted, he would pay significantly more under HB 3344.
175	Rep. Krummel	Asks what McCarty would pay on a per gallon basis if he was exempted.
180	McCarty	Replies that the current tax of \$13,353 would be increased to \$15, 848 under HB 3344 if they were a normal trucking company.
196	Scott Cantonwine	Cascade Warehouse. Explains the simplicity of the monthly reporting process ( <b>EXHIBIT A</b> ).
217	Chair Montgomery	Asks if <b>EXHIBIT A</b> is the form that is completed once a month. Inquires about previous testimony that emphasized the onerous reporting requirements of the weight-mile system.
221	Cantonwine	Describes the simple reporting requirements for his company. States that the administration of the weight-mile tax is relatively simple and just. Acknowledges that, though the dollar amounts are the same between the two tax structures, equity is not achieved by the Oregon Trucking Association (OTA) proposal.
269	Rep. Lehman	Asks how long he has been in the business.
270	Cantonwine	Replies that they have been in business for about 40 years.
276	Rep. Lehman	Asks if technology has made weight-mile reporting easier.
279	Cantonwine	Answers yes. Adds that his company would be doing the same things and generating the same data even if a weight-mile tax did not exist.
290	Rep. Krummel	Asks how many trucks are in his fleet.
293	Cantonwine	Replies that he has other trucks in other areas.
298	Rep. Krummel	Asks about the origin of the reams of paper displayed by other witnesses.
305	Cantonwine	Replies that the key question is how much of the paperwork is excessive and generated solely because of the weight-mile tax.

315	Rep. Krummel	Asks if there is a problem with evasion of the weight-mile tax.
321	Cantonwine	Replies no.
327	Rep. Wells	Asks if the trucks listed in <b>EXHIBIT A</b> operate only in Oregon.
331	Cantonwine	Replies yes. Explains that the only additional data required in other states concerns gallons consumed.
347	Rep. Taylor	Inquires about the type of his business.
348	Cantonwine	Replies that his company is a freight consolidator.
354	Rep. Taylor	Asks if he is a member of the Draymens/Warehousemenís Association.
358	Cantonwine	Replies no.
368	Rep. Hill	Notes that some trucks in <b>EXHIBIT A</b> do reflect less mileage.
374	Cantonwine	Replies yes. Notes that low-mileage trucks used as back-ups will pay a disproportionate amount under HB 3344.
385	Rep. Hill	Asks if the trips are consistent in terms of mileage.
399	Cantonwine	Answers that the routes are prescribed.
406	Rep. Hill	Asks, considering the consistent mileage amounts, if evasion of the weight-mile tax be more difficult.
415	Cantonwine	Replies yes. Adds that it is very difficult to evade weigh stations.
<b>TAPE 71, A</b>		
002	Rep. Kropf	Asks how HB 3344 would affect his company.
004	Cantonwine	Replies that HB 3344 would have a neutral effect. States that he focuses on the cost responsibility issue rather than his tax payments.
015	Earl Fultz	Logger, Estacada. Recognizes that every state will have to go to a fuel tax eventually; however, HB 3344 will probably put him out of business. Discusses the negative effects of HB 3344 on his company and those of his friends.

		Suggests that the bill be amended: 1) to increase the mileage exemptions up to 80,000 pounds and 2) to expand exemptions to include more low-mileage trucks.
047	Rep. Wells	Cites what Fultz currently pays and what he will pay. Asks why the OTA proposal would cost him more money.
054	Fultz	Replies that the reason is the number of empty miles.
056	Rep. Wells	Expresses his concern that witnesses give accurate testimony.
063	Fultz	Reports what he paid last year under the weight-mile program.
070	Alan Pliska	USCO Equipment Source. Describes the vehicles he uses and their low mileage. Opposes HB 3344 because it re-allocates costs without taking responsibility into account. Relates how the bill would affect his business operation and how complying with the weight-mile has not been an administrative problem.
122	Pliska	Compares Oregon's tax structure to Washington's. Notes that, to reach revenue neutrality, small, private carriers will have to assume an inordinate burden. States that the additional paperwork is worth the equity gained from the weight-mile tax.
160	Rep. Kropf	Asks if other states have higher registration fees for small mileage operators and if it hurts his business.
167	Pliska	Replies that other states do have higher fees and he prorates these registration fees. Expresses sympathy for operators in these states.
182	Rep. Lehman	Asks if his company will use different vehicles a result of the new tax structure.
185	Pliska	Replies that this change is one probable result
189	Rep. Lehman	Asks Pliska if he will be able to haul the same amount of material with the new vehicles.
190	Pliska	Replies that he will not be able to do it as efficiently.
200	Rep. Lehman	Notes that companies will probably change their behavior due to the new tax structure.
205	Pliska	Replies yes. States that low-mileage operators will not be in business in the future.

215	Rep. Krummel	Asks if the gas tax increase, enacted by HB 2082, will affect his weight-mile taxes.
222	Pliska	Notes that his vehicles do not pay by consumption.
228	Rep. Krummel	Asks if he knows how the corresponding weight-mile tax increase will affect his company.
235	Pliska	Expresses uncertainty. Replies that he would not object to the increase in the weight-mile tax because it would be related to cost responsibility.
255	Rep. Tim Knopp	District 54. Introduces Tim Larocco.
270	Tim Larocco	Instant Landscaping Co. Describes the number and types of vehicles in his company. Explains how HB 3344 will affect his company and the burden it will impose on heavy, low-mileage vehicles. Discusses the operation of his business, his reaction to the proposal, and the resulting competitive disadvantage ( <b>EXHIBIT B</b> ).
348	Larocco	Indicates that safety will suffer if HB 3344 is rushed into law. Notes that the tax proposal was not presented at the OTA Small Fleet Business Conference.
377	Chair Montgomery	Asks if farmers sell sod to private individuals after picking it up in Bend.
384	Larocco	Replies that farmers pay virtually no road taxes. Emphasizes the positive benefits of commercial driver's license (CDL) requirements.
<b>TAPE 70, B</b>		
012	Don Thompson	Donco, Inc. Describes the number and types of trucks that he has and the negative effect of HB 3344 on his company. Stresses that the OTA proposal will wipe him out.
041	Rep. Taylor	Asks if he could register the vehicle for half of the year.
045	Thompson	Replies that his work period, June-October, covers three quarters.
053	Bruce Briggs	Donco, Inc. Reports that the drivers do most of the paperwork.
065	Sharon Schrenk	Junction City. Supports HB 3344. States that HB 3344 will reduce paperwork, noting that the large stack of papers presented by earlier witnesses was probably back-up documentation.

084	Rep. Wells	Asks how HB 3344 would affect her company.
089	Schrenk	Replies that she will continue to register her truck as a farm plate.
096	Rep. Wells	Asks if her truck is farm plated. Asks if she pays weight-mile taxes on any vehicle.
098	Schrenk	Replies that the same vehicle has both plates.
100	Bill Penhollow	Association of Oregon Counties. Opposes HB 3344. Expresses concerns about HB 3344 in reference to cost responsibility, revenue neutrality and sustainability. Describes the experience, viewpoint and background of each of the presenters ( <b>EXHIBIT C</b> ).
158	Dr. Randall Pozdena	ECONorthwest. Addresses three main topics: <ul style="list-style-type: none"> <li>• Risks to revenue neutrality: Discusses factors that may jeopardize the goal of revenue neutrality. Notes that the proposal institutionalizes revenue "stickiness" and ignores possible problems with compliance (<b>EXHIBIT C</b>).</li> </ul>
205	Pozdena	<ul style="list-style-type: none"> <li>• Behavioral changes: Stresses that roads will suffer due to the probable increase in vehicle miles traveled (VMT) and poor axle configuration.</li> <li>• Is HB 3344 needed?: Dismisses the arguments for conformity between states. Notes the importance of technological improvements. Cites a study underscoring the relatively small cost of technological methods of tracking trucks.</li> </ul>
263	Oliver Snowden	County Engineer, Lane County. Stresses three points: <ul style="list-style-type: none"> <li>• Implications of HB 3344 for county roads: States that county roads are not designed for high axle loads and will suffer due to the increase in VMT. Notes that the OTA proposal worsens the inequity of the current system.</li> <li>• Weight-mile trends: Indicates that, rather than being out-of-step, Oregon is closer to achieving cost responsibility. Cites a Federal Highway Administration study that reports the problems with a diesel tax in achieving cost responsibility and the equity of a weight-mile tax.</li> </ul>
335	Snowden	<ul style="list-style-type: none"> <li>• Weight-mile reporting requirements: Indicates that technological upgrades that will lessen the reporting requirements of the weight-mile tax are forthcoming.</li> </ul> <p>Opposes HB 3344. Notes that Europe and the federal government are considering a weight-mile tax. Urges the adoption of efficiency measures and the examination of available technology. States that the Lane County Board of Commissioners has voted to oppose HB 3344.</p>

403	Rep. Lokan	Expresses skepticism about further studies.
414	Snowden	Replies that studies can give realistic cost estimates of current technology.
424	Rep. Lokan	Asks if the study would look at different or the currently available technology.
431	Pozdena	Replies that vendors are currently desperate to increase access to their products. Lists technological innovations that are currently becoming available.
<b>TAPE 71, B</b>		
018	Rep. Walker	Asks who is resisting the new technology.
022	Pozdena	Describes which products are currently meeting resistance from policy makers.
033	John Oshel	Public Works Director, Tillamook County. Emphasizes the negative effects of HB 3344 on small business owners. Notes that the move away from equity and cost responsibility complicates justification of trucks' presence on the road. Expresses concern about the disparity between Oregon's and other states' registration fees and its effect on evasion.
077	Oshel	Questions how tax increases to the trucking industry will be implemented and allocated if HB 2082 passes.
097	Rep. Krummel	Asks what the tax at the pump would have to be to meet revenue neutrality or cost responsibility.
105	Rep. Wells	Replies that it would be 68 cents per gallon.
107	Snowden	Adds that an internal shift of the tax burden will result.
115	David Barenberg	League of Oregon Cities (LOC). States that LOC would like to support HB 3344, but can not because it insufficiently addresses cost responsibility and revenue neutrality. Expresses concern about the impact of the four cent gas tax increase on the diesel tax and registration fees, noting that the corresponding increases would be significant.
160	Barenberg	Reports that the debate over HB 3344 has not focused on crucial issues. States that the studies have been focusing on either weight-mile or diesel tax structures rather than looking at the administration problem. Reiterates his opposition to HB 3344. Emphasizes that registration increases will prompt constituent displeasure.
225	Chair Montgomery	Closes the public hearing on HB 3344. Adjourns the meeting at 10:17 a.m.



Submitted By, Reviewed By,

Brad Daniels, Janet Adkins,

Administrative Support Administrator

**EXHIBIT SUMMARY**

**A** ñHB 3344, reporting sheet, Scott Cantonwine, 1 p.

**B** ñHB 3344, written testimony, Tim Larocco, 4 pp.

**C** ñHB 3344, written testimony, Bill Penhollow, 9 pp.