

HOUSE COMMITTEE ON TRANSPORTATION

April 16, 1999 Hearing Room D

8:00 a.m. Tapes 74 - 75

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 Work Session

HB 2986 Public Hearing and Work Session

HB 2583 Public Hearing and Work Session

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 74, A		

004	Chair Montgomery	Opens the meeting at 8:07 a.m. Opens the work session on HB 3344
<u>HB 3344 WORK SESSION</u>		
007	Janet Adkins	Introduces the fiscal impact statement to HB 3344, noting the costs that are not included in the analysis. Introduces the revenue neutrality analysis by the Oregon Department of Transportation (ODOT) (EXHIBIT A).
042	Mike Marsh	Executive Director, ODOT. Indicates that the fiscal impact statement reflects expenditures, but not the revenue aspects of the bill.
054	Victor Dodier	<p>ODOT. Introduces the subject of revenue neutrality. Discusses the assumptions of the revenue neutrality analysis:</p> <ul style="list-style-type: none"> • Stable motor fuel tax and cost allocation numbers • Equivalent evasion between the weight-mile and diesel tax • Trucks will continue to be registered in the same way • Fuel economy of trucks will remain stable • Credit for a reduction of 106 ODOT positions <p>Emphasizes that the revenue neutrality analysis focused on the Oregon Trucking Association (OTA) proposal and not HB 3344 itself, noting one major difference in the reduction of fees for utilities (EXHIBIT A).</p>
111	Dodier	Outlines the categories of the revenue neutrality analysis. Points out the adjustments for heavy vehicle registration fees and the differences between the ODOT revenue neutrality analysis and the OTA proposal, which are attributed to a difference in calculation methods (EXHIBIT A, page 1).
161	Rep. Hill	Asks how many people are collecting the diesel tax.
166	Dodier	Expresses uncertainty.
170	Rep. Hill	Questions the appropriateness of a 2% administrative refund, especially if it is divided among relatively few companies.
177	Dodier	Discusses estimations of the administrative cost savings and one-time revenue-generating items. Notes the effect of moving the point of collection to the rack. Explains the refund structure and its revenue effect. States that the final revenue estimate is slightly over the trucking industry's estimate.
254	Rep. Hill	Asks about trip permits and possible avoidance of registration fees through this method.
268	Dodier	Replies that they assumed that the trucks would be registered in exactly the same way as they are currently.

276	Rep. Hill	Asks if a reduction in revenue will result if vehicle owners use trip permits rather than registering their trucks.
285	Dodier	Replies probably.
287	Dick Yates	Legislative Revenue Office. Notes the agreement between ODOT's and OTA's numbers. Mentions the advantage of working from the highway cost-allocation model, which is not yet available. Reviews the benefits of analyzing the diesel tax in relation to the cost-allocation model (EXHIBIT B).
338	Yates	Notes that the calculation of the diesel tax will be based on vehicle miles traveled (VMT). Notes the irrelevance of the use fuel tax to the calculation of diesel tax.
365	Rep. Hill	Asks why drivers who are evading the weight-mile tax would not continue incorrectly reporting their miles to evade Oregon's higher registration fees.
378	Yates	Replies that evasion exists in both tax structures. Adds that OTA's argument focuses on the International Registration Program.
387	Rep. Hill	Asks if the higher registration fees would force the same evaders to do the same things to evade Oregon's taxes.
405	Yates	Replies that the opportunity is available, but it depends on the evaders' ability take advantage of the opportunity. Notes that the cost-allocation model will provide a different look at the breakdown of registration fees. Expresses concern about the road use assessment fee and its per-trip, instead of per mile, calculation.
TAPE 75, A		
015	Rep. Krummel	Asks if the diesel tax would recover more funds through reduced evasion, namely the difference between the estimated 30% evasion rate for the weight-mile and 5-7% for the diesel tax.
028	Yates	Responds that evasion of the weight-mile tax is probably lower than 30%. Notes that the change in evasion will not affect the diesel tax as much as it would the weight-mile tax due to the diesel tax's dependence on registration fees.
042	Marsh	Replies, in response to Rep. Hill's earlier question, that the number of people collecting the diesel tax at the rack is less than twenty.
045	Rep. Hill	Expresses concern about the number of people who will be collecting the tax and the 2% refund they will receive.

055	Bob Russell	Oregon Trucking Association. Notes that the 2% is shared with the petroleum industry at all levels of the distribution chain.
056	Rep. Hill	Asks why.
057	Russell	Replies that there are thousands of companies involved who incur additional expense as a result of administering the diesel fuel tax.
065	Rep. Hill	Inquires, if the gas tax passes with a sunset, would the diesel tax also be sunsetted.
076	Chair Montgomery	Emphasizes that neither bill passed or will pass the committee with a sunset clause.
081	Adkins	Explains the 2 amendments, which add an additional four cents to the tax on January 1, 2002.
088	Rep. Lehman	MOTION: Moves to ADOPT HB 3344-1 amendments dated 03/25/99.
		VOTE: 10-0
Chair Montgomery		Hearing no objection, declares the motion CARRIED.
094	Rep. Lehman	MOTION: Moves to ADOPT HB 3344-2 amendments dated 04/13/99.
		VOTE: 10-0
Chair Montgomery		Hearing no objection, declares the motion CARRIED.
099	Rep. Wells	MOTION: Moves HB 3344 WITHOUT RECOMMENDATION as to passage and BE REFERRED to the committee on Revenue.
103	Rep. Hill	Opposes HB 3344, noting that there are significant winners and losers as a result of the bill, which will result in a long-term detrimental effect on local

		companies. Adds that the bill may not be constitutional.
118	Chair Montgomery	Indicates that the goal is to maintain revenue neutrality and not shift the tax burden from heavy trucks to light trucks or trucks to cars. States that the debate on HB 3344 has produced disagreement. Notes that he is not convinced that the bill has met the above goals, but is prepared to move the bill to Revenue for additional information gathering. Reserves his floor vote.
140	Rep. Lehman	Supports moving HB 3344 out of committee, but he agrees with Rep. Hillis conclusion. Commends the effort of all groups involved. States that he is not convinced that it is revenue neutral or does not create a cost shift. Notes that HB 3344 deserves a serious policy discussion. Reserves the right to vote no on the floor.
165		VOTE: 7-3 AYE: 7 - Devlin, Kropf, Krummel, Lehman, Lokan, Wells, Montgomery NAY: 3 - Hill, Taylor, Walker
	Chair Montgomery	The motion CARRIES.
178	Rep. Walker	Explains her opposition to the bill. Cites the Mingo study and its conclusions on evasion. States that increasing the diesel tax may be problematic due to the difference with other states. Notes that the Nelson study was tainted while the Hibbard study was conclusive. Refers to the dramatic increase in truck registration fees, the cost shift and the negative impact on small trucking companies.
238	Rep. Walker	Cites Russell's previous testimony concerning administrative costs. Emphasizes that the proposal can not be implemented by ODOT on January 1, 2000.
248	Rep. Krummel	Presents a number of questions: 1) If evasion and compliance are a problem, why has Wilsonville seen such a proliferation of trucking companies and warehouses? 2) Does the \$44 million in savings include the \$23.3 million? 3) What is the effect going to be on the truck stops? 4) Will trucks fill up in other states if Oregon's diesel tax is too high and what will be the effect of this behavior? Reserves his floor vote until more information can be gathered. Adds that he will vote to repeal the diesel tax if it does not meet its goals.
307	Rep. Devlin	Explains that both the proponents and opponents of the bill could make good cases. Notes that he is not guaranteeing his vote on the floor.
337	Rep. Wells	Relates the history of efforts to repeal the weight-mile tax in Arizona and the effectiveness of the switching to the current structure of the diesel tax in

		Arizona. Notes that this example formed a basis for his decision.
377	Rep. Lokan	Notes the difficulty of making this decision. Reserves the opportunity to change her vote on the floor.
407	Rep. Taylor	Expresses admiration for Oregon's weight-mile tax. Reserves the right to support the bill on the floor. Notes that there was a compelling argument for providing a simpler system. Expresses concern about the effect of registration fees on small truckers.
TAPE 74, B		
017	Rep. Kropf	Notes the difficulty of making this decision. Discusses the divided opinions of truckers in his area on this issue. States that public policy makes elimination of the weight-mile the proper decision. Expresses concern about the diesel tax's effect on small truckers. Notes his opinion that evasion of the weight-mile is significant. Indicates that the switch will have a positive administrative impact on businesses. Reserves his final vote on the floor.
066	Chair Montgomery	Closes the work session on HB 3344. Opens the public hearing on HB 2986.
<u>HB 2986 PUBLIC HEARING</u>		
074	Brad Daniels	Explains HB 2986, which would allow certain accidents to be placed on an employment driving record. Introduces the first amendments (EXHIBIT C).
092	Rep. Lowe	Introduces HB 2986 and experience of public employees involved in accidents that are placed on non-employment driving records.
107	Ralph Groener	American Federation of State, County and Municipal Employees (AFSCME). Discusses the inequity of the present system of recording.
141	Don Morgan	AFSCME. Explains the distinction between the employment and non-employment driving record, how DMV interprets the current law and the negative effects of accidents at work on public employees' insurance rates. Provides an example of a fatal accident that went on a Clackamas county employee's driving record (EXHIBITS D & E)
200	Morgan	Continues to relate examples of accidents involving county employees.
207	Rep. Hill	Asks about the relationship between classes of vehicles, fault of accident and driving records.
227	Morgan	Responds that employers, but not private insurance, look at accidents on the employment driving record.

235	Rep. Hill	Concedes this effect, but notes that the individual who is hit by a commercial vehicle, regardless if fault, will have the accident reflected on the personal driving record.
255	Groener	Refers to the existing statute. Notes that other rules will penalize commercial drivers for egregious behavior.
268	Rep. Lokan	Asks if work-related accidents would get reflected on an employer's insurance.
279	Rep. Kropf	Asks if they are asking essentially for an exemption.
282	Groener	Replies that they want the accident on the employment record
287	Morgan	Describes an accident involving Cynthia Donegan and the effect on her personal insurance rates.
308	Cynthia Donegan	Notes the inequity resulting from the accident.
327	Kelly Taylor	Division of Driver and Motor Vehicle Services (DMV). Explains that the law is very specific and does not give the DMV a lot of latitude. Notes that many occupations may ask for the same type of exemption. Agrees with Rep Hill that Oregon has no-fault law. Adds that work accidents probably will affect employer's insurance rates.
378	Rep. Kropf	Asks if police officer's determinations of blame are not taken into account by insurance companies.
401	Taylor	Replies that police are not at all scenes of accidents. Indicates that insurance companies can request copies of the DMV report.
413	Rep. Krummel	Asks how the accident is recorded if a person does not have a commercial driver license.
417	Taylor	Responds that it would depend on other pieces of information obtained by the police officer or on the report.
TAPE 75, B		
002	Rep. Hill	Comments on the narrowness of the bill amendment's inclusion.
010	Taylor	Replies that it is fairly narrow. Adds that other occupations may desire a similar exception.

020	Rep. Wells	Supports the bill. Notes that public employees are usually driving well-marked public vehicles.
030	Chair Montgomery	Closes the public hearing on HB 2986. Opens the work session on HB 2986.
<u>HB 2986 WORK SESSION</u>		
032	Rep. WELLS	MOTION: Moves to ADOPT HB 2986-1 amendments dated 04/15/99.
		VOTE: 8-0 EXCUSED: 2 ñ Krummel, Lehman
Chair Montgomery		Hearing no objection, declares the motion CARRIED.
040	Rep. Wells	MOTION: Moves HB 2986 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 9-0 EXCUSED: 1 - Lehman
Chair Montgomery		Hearing no objection, declares the motion CARRIED. REP. LOWE will lead discussion on the floor.
050	Chair Montgomery	Closes the work session on HB 2986. Opens the public hearing on HB 2583.
<u>HB 2583 PUBLIC HEARING</u>		
066	Adkins	Explains HB 2583, which would authorize firefighters to solicit donations for charitable programs on or near highways. Introduces the ñ2 amendments (EXHIBIT F).
078	Rep. Wells	Asks, in reference to the ñ2 amendments, if the permit goes to the individual

		firefighter or the firefighting organization.
085	Bob Livingston	Legislative Director, Oregon State Firefighters. Supports HB 2583. Relates statistics about how much money firefighters were able to raise for the Muscular Dystrophy Association (MDA) (EXHIBIT G).
120	Pat West	President, Oregon State Firefighters Council. Notes that the union would apply for the permits.
130	Rep. Wells	Suggests that the language specifying individual firefighters as the recipients of the permits be changed.
137	West	Replies that he understood the bill to authorize a single event permit.
148	Rep. Wells	Asks why a permit is necessary.
153	West	Notes that ODOT asked the firefighters to stop soliciting on highways.
158	Rep. Wells	Asks why a permit is needed if the solicitations are allowed in statute.
163	West	Replies that the bill represents a compromise between ODOT and firefighters.
173	Rep. Kropf	Supports HB 2583. Questions the need to issue permits to the very people whose livelihood is based on safety.
200	Tindall	Maintenance Engineer, ODOT. Explains the necessity for the permit and the advantage of a safety plan (EXHIBIT H).
213	Rep. Krummel	Asks what the administrative rules will look like.
215	Tindall	Replies that no rule will be necessary.
223	Rep. Lokan	Asks if other organizations also solicit donations on highways.
228	Tindall	Replies that soliciting on highways is illegal.
234	Rep. Kropf	Asks if an employed firefighter soliciting donations would already be covered under his department's liability insurance.
239	Tindall	Replies that soliciting donations is a volunteer activity and would not be covered under the professional insurance.

248	William White	MDA. States that MDA holds \$1 million liability insurance that covers firefighters throughout the United States. Supports the amendments provided that they aid the bill's passage.
268	Steve Fisher, Sven Wahlroos, Mark Tsuchiya, Jeanie Nelson, Dave Pearson	Introduce themselves.
285	Chair Montgomery	Closes the public hearing on HB 2583. Opens the work session on HB 2583.
<u>HB 2583 WORK SESSION</u>		
290	Rep. Hill	States that the bill should be conceptually amended so that the permit is issued for a particular event.
300	Rep. Walker	Asks if the permit would be issued to the department rather than the individual firefighter.
308	Rep. Hill	Explains the intent of his conceptual amendment.
314	Rep. Devlin	States that determination of the permit recipient would be best left to ODOT.
320	Rep. Hill	Reiterates that it should be an event permit for firefighters.
324	Rep. Lokan	Asks if an event permit will allow firefighters to solicit on or near highways.
330	Rep. Hill	Explains the amendment: adding the words "an event" on line 7 before permit and changing "firefighter" to "firefighters".
334	Rep. Lokan	Opposes the bill based on safety concerns.
340	Rep. Hill	MOTION: Moves to ADOPT HB 2583-2 amendments dated 04/15/99 and the amendments be FURTHER AMENDED on page 1, line 6 after "issue", insert "an event" and change all occurrences of "firefighter" to "firefighters".
		VOTE: 8-1 AYE: 8 - Devlin, Hill, Kropf, Krummel, Taylor, Walker, Wells, Montgomery NAY: 1 - Lokan

		EXCUSED: 1 - Lehman
	Chair Montgomery	The motion CARRIES.
353	Rep. Hill	MOTION: Moves HB 2583 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 8-1 AYE: 8 - Devlin, Hill, Kropf, Krummel, Taylor, Walker, Wells, Montgomery NAY: 1 - Lehman EXCUSED: 1 - Lokan
		Chair Montgomery The motion CARRIES. Reps. Kropf and Leonard will lead discussion on the floor.
360	Chair Montgomery	Adjourns the meeting at 10:00 a.m.

Submitted By, Reviewed By,

Brad Daniels, Janet Adkins,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñHB 3344, ODOT revenue neutrality analysis, Victor Dodier, 2 pp.

B HB 3344, revenue analysis, Dick Yates, 1 pp.

C HB 2986, -1 amendments, staff, 1 p.

D HB 2986, written testimony, Don Morgan, 3 pp.

E HB 2986, written testimony, Don Morgan, 4 pp.

F HB 2583, -2 amendments, staff, 1 p.

G HB 2583, written testimony, Bob Livingston, 1 p.

H HB 2583, written testimony, Doug Tindall, 1 p.