

SENATE COMMITTEE ON TRANSPORTATION

July 10, 1999 Hearing Room B

9:00 a.m. Tapes 111 - 116

MEMBERS PRESENT: Sen. Marilyn Shannon, Chair

Sen. Mae Yih, Vice-Chair

Sen. Lee Beyer

Sen. Susan Castillo

Sen. Ted Ferrioli

Sen. Gary George

STAFF PRESENT: Megan Palau, Administrator

Valerie Luhr, Administrative Support

MEASURES HEARD: HB 2082-C 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 111, A		
004	Chair Shannon	Opens the meeting at 10:00 a.m. Opens a public hearing on HB 2082-C.
<u>HB 2082-C PUBLIC HEARING</u>		
019	Chris Hagerbaumer	Air and Transportation Program Director, Oregon Environmental Council (OEC). Testifies in opposition to the bill. States OEC testified earlier in the session in favor of a gas tax increase and still supports providing the state, cities, and counties with funds for maintenance and preservation. Explains OEC does not support the bill because they believe it is seriously flawed. Expresses concerns with the bonding provisions. Explains OEC does not support repeal of the weight-mile tax because it is the fairest way of taxing trucks.
049	Chair Shannon	States only \$54 million of the funds ODOT receives go to modernization and the Governor wants all available funds will go to maintenance and preservation.
058	Hagerbaumer	Explains she would prefer a gas tax increase that does not earmark funds for modernization or maintenance, but increases the amount of money ODOT has.

063	Chair Shannon	Indicates ODOT, the Oregon Transportation Commission (otc), and the Governor have said modernization takes a back seat because there is no gas tax.
067	Hagerbaumer	Expresses concern about adding to the transportation system, when the current system is deteriorating.
070	Chair Shannon	States perhaps a new Governor or OTC is needed, or a new direction at ODOT. States the weight-mile tax is not the most efficient system. Comments on what could happen if those who drive pick-up trucks and heavier lightweight vehicles were required to report once a month under a weight-mile system. Explains she has no fear of the national trucking interests. Explains the rail system should pay its own way and not be underwritten by the public.
118	Sen. Beyer	Asks Ms. Hagerbaumer if she opposes bonding for capital projects or is opposed to doing capital projects when maintenance is not taken care of.
125	Hagerbaumer	Restates her belief that existing roads should be fixed before adding new roads. Expresses concern that bonding is like purchasing something with a credit card.
135	Sen. Beyer	States bonding is more akin to buying a house on a mortgage. States his personal belief about bonding. States he believes 20 years is a reasonable life cycle. Comments that of the \$650 million in annual state funds going to the highway system, only \$50 million would go to modernization. Asks Ms. Hagerbaumer why cargo would move from trains to trucks if the proposal is adopted.
157	Hagerbaumer	States freight rail and freight trucking should pay their full responsibility for the transportation system. Explains her concern that a shift to a diesel tax would subsidize trucking in the long run.
173	Sen. Beyer	Comments on subsidies given to rail. Asks if she followed the transfers between Southern Pacific and Union Pacific.
181	Hagerbaumer	States she is aware there were problems.
186	Sen. Beyer	States he believes it makes more sense to move freight by rail for long distances. Comments that states have very little control over the rail systems. Comments on Eugene's experience. States the rail system is ineffective because of its relative freedom.
203	Hagerbaumer	States she wants to ensure rail issues are considered.
206	Sen. Beyer	Asks if OEC's concern is cost responsibility or the way the state achieves cost responsibility.
211	Hagerbaumer	Explains OEC has long advocated for very specific user fees.
228	Sen. Beyer	States a weight-mile tax is just one system to achieve cost responsibility.
233	Hagerbaumer	States a vehicle registration fee does not have bearing on how much a vehicle is used on the highway.
235	Sen. Beyer	Expresses disagreement. States it is similar to a registration fee based on miles driven. Comments on the difficulty to determine road damage in terms of axles. Comments on the types of trucks on the road. States he wishes Congress would

		mandate weight distribution in terms of more doubles and triples and single trailers with three and four axles.
256	Chair Shannon	States full trucks use more diesel fuel than empty trucks. States that a truck does not move unless the tax has been paid.
264	Hagerbaumer	States there is disagreement as to whether there is more evasion under the diesel tax or weight-mile tax system.
270	Chair Shannon	Indicates other states with a diesel taxes have captured evasion. States there is more evasion under a weight-mile system and uses the Woodburn port of entry as an example.
278	Hagerbaumer	States weight-mile taxes should be applied nationwide to avoid the evasion problem.
281	Chair Shannon	Explains that New York's State Senate voted unanimously for a diesel tax. Asks if OEC lobbies for small trucks and asks why OEC takes a position on how trucks are taxed.
290	Hagerbaumer	States OEC does not lobby for small trucks. Explains OEC is concerned about the taxation because they want to ensure that all of the costs of the transportation system are paid.
303	Chair Shannon	In response to Ms. Hagerbaumer's comments about air pollution, asks about cars that are waiting in traffic when roads are not wide enough.
305	Hagerbaumer	States OEC's solution is to make sure the existing system is being used as efficiently as possible through transportation demand measures, and then go ahead with capacity improvements, if necessary.
314	Chair Shannon	Asks if OEC has a position on bicycles paying their fair share.
318	Hagerbaumer	States bicycles pay their fair share because people also use their vehicles and pay property taxes, which sometimes go to roads.
330	Chair Shannon	Comments that bicycles get \$35 million a year.
336	Hagerbaumer	States OEC would not oppose a small registration fee for bicycles. Expresses concern about the cost of collecting the fee.
348	Sen. Castillo	States she believes bicycles cause minimal damage to roads compared to cars and trucks. Asks Ms. Hagerbaumer to address the subsidy of automobiles.
370	Hagerbaumer	Explains that 1995 to 1996 spending figures show a 20 percent subsidy for roads, such as property taxes and forest receipts. Comments on social or environmental costs.
403	Sen. George	Comments on the cost of curb cuts for ADA compliance and "bubble curbs" being built to slow down traffic and asks Ms. Hagerbaumer if she considers bubble curbs to be maintenance.
428	Hagerbaumer	Asks for clarification on the question.

431	Sen. George	Clarifies what bubble curbs are and asks Ms. Hagerbaumer if they are a wise application of funds.
TAPE 112, A		
008	Hagerbaumer	States she does not believe the curb extensions are foolish.
015	Sen. George	Speaks to the effects of coordinating traffic signals to impede traffic and having a significant impact on pollution.
016	Hagerbaumer	States the coordination of traffic signals is important, but is probably categorized as modernization, not maintenance and preservation, by ODOT. Reiterates that OEC still supports modernization, such as improving local street networks.
021	Sen. George	Comments on traffic problems through Newberg and Dundee. Explains the truck lobby has lobbied for increased rail money. States there will be a significant decrease in revenue from fuel and weight-mile taxes when trucks leave the road and go onto rail. Asks Ms. Hagerbaumer if she agrees.
034	Hagerbaumer	States fewer trucks on the road means lower revenues.
036	Sen. George	Asks how that should be reconciled.
037	Hagerbaumer	Suggests by switching to a diesel tax, perhaps more trucks will be on the road. States she hopes the committee has considered that as a possibility.
042	Sen. George	Asks the idea is to take money from the roads and put it into passenger rail.
043	Hagerbaumer	States OEC's support for both freight and passenger rail.
050	Sen. George	Asks Ms. Hagerbaumer if she is aware that Amtrak intends to back out of all the federal subsidies within a few years.
052	Hagerbaumer	States Amtrak has a directive from the federal government to become self-supporting.
054	Sen. George	States Amtrak has received \$26 billion in subsidies. Asks if the state can support Amtrak.
056	Hagerbaumer	States there are indications this passenger rail corridor can meet self-sufficiency.
068	Chair Shannon	States it is not a proven scientific fact that the climate change is due to vehicle traffic. Comments on economic effects of fewer log trucks on the road. Asks Ms. Hagerbaumer if she is aware that trucks pay 18 percent of the transportation budget in California and pay 32 percent in Oregon.
086	Lynn Peterson	Transportation Advocate, 1000 Friends of Oregon. Testifies that Oregon needs more money to maintain and repair the existing highway and road network. States 1000 Friends also supports the building, modifying, and improving some roads. States 1000 Friends' opposition to using increased gas taxes to widen or build new roads.
115	Robert Liberty	Executive Director, 1000 Friends of Oregon. Discusses 1000 Friends' agenda for

		livability and their principle that more flexibility, more local control is needed in the gas tax. Speaks to amending SJR 44 to give control to local governments. Expresses concern about having a list of projects associated with bonded modernization.
150	Chair Shannon	States the committee's concern that ODOT's project list is "pork-barreled." States the project list is spread across five regions. States the Republicans would like to see bonding with no gas tax increase.
166	Liberty	States there are projects on the B list that make sense and 1000 Friends has concerns about other projects on the list. Comments on the need for a change in policy.
184	Chair Shannon	Reiterates the legislature did not identify the list, but the projects came from people in the regions. States the Emergency Board will not release bonding until they are satisfied the projects on the list are being done. Discusses the outlet mall in Woodburn.
203	Liberty	States the list has not gone through the complete hearing and public review process.
214	Peterson	Pertaining to congestion, states they hope the solution is not just one thing, but hopes there will be flexibility.
224	Liberty	States 1000 Friends objected to the inclusion of the freeway interchange in Woodburn's growth boundary. Speaks to not having development at every interchange.
240	Chair Shannon	Asks why people would want to drive longer distances to get to their destination instead of having easy access off the freeway.
241	Liberty	Speaks to locating the mall in the town of Woodburn or in Salem.
244	Sen. George	Asks if 1000 Friends wants the Oregon Transportation Commission to decide on new projects.
247	Liberty	States 1000 Friends believes beltways, such as in Bend, are bad policy.
251	Sen. George	Asks if 1000 Friends does want a list of projects tied to the bill, or to have decisions solely made by the OTC.
255	Liberty	Explains 1000 Friends is outcome oriented and is concerned about some of the projects on the list. States he thinks the list is generic
261	Sen. George	Asks with what percentage of the list they agree.
263	Liberty	States the list is generic and he is not prepared to go through it.
268	Sen. George	Discusses how the list was developed. Indicates some transportation commissioners are 1000 Friends members, and he thinks it is critical what 1000 Friends thinks about the project list.
285	Liberty	States 1000 Friends cannot support projects until they have reviewed the list.

		States 1000 Friends disagrees with OTC on some things.
295	Sen. George	Comments on a poll conducted by AAA. Asks if 1000 Friends believes the fuel tax will be a tax break for commercial trucks.
300	Liberty	States if there was a more efficient way of reflecting the effect of trucks on the road, 1000 Friends would support it.
314	Sen. George	Asks, based on the language in the bill, if this is a tax shift. States the shift must be revenue neutral.
327	Liberty	States cost responsibility and revenue neutrality are different.
330	Sen. George	Asks if 1000 Friends thinks the bill is fair to consumer vehicles versus commercial vehicles.
338	Liberty	States 1000 Friends is most concerned about maintenance as a priority over system modernization.
343	Chair Shannon	Asks if 1000 Friends is aware that all types of trucking companies have been notified about the bill in terms of cost responsibility. States the small trucks are okay with the bill and asks why 1000 Friends should be concerned if they are.
352	Liberty	States 1000 Friends is focusing on preservation over modernization.
362	Sen. Castillo	Extends her appreciation to 1000 Friends for their testimony and interest in the quality of life in Oregon.
371	Chair Shannon	States 1000 Friends has won the battle because very little ODOT money goes to modernization. States the Legislative Revenue Office previously testified there might be a \$50 million shortfall at the beginning of the transfer.
395	Gregg Dal Ponte	Deputy Director, Motor Carrier Transportation Division (MCTD), ODOT. (EXHIBIT A) At the request of Chair Shannon, discusses his duties and responsibility as the deputy director.
410	Chair Shannon	Asks how many people it takes to collect the weight-mile tax.
421	Dal Ponte	States there are 305 employees in the division, but not all are involved in collecting the tax.
425	Sen. Castillo	Asks how many employees are involved.
427	Dal Ponte	Explains how some employees indirectly support the collection function.
TAPE 111, B		
009	Sen. Castillo	Asks how many people would be laid off ODOT-wide if the switch to a diesel fuel tax was made.
011	Dal Ponte	States 106 FTE could be deleted based on an analysis done several years ago. Explains staff reductions that have been made. Explains 58 additional staff

		reductions. Discussion continues about staff reductions as a result of the shift to a diesel fuel tax.
042	Sen. George	Comments on how much an ODOT employee costs, based on information he received from the Legislative Fiscal Office. Asks Mr. Dal Ponte to comment.
051	Dal Ponte	Explains the cost of one FTE per one year and one biennium and whether it is a position that will be deleted.
063	Sen. George	Explains why one FTE costs \$100,000 per year.
070	Mike Marsh	ODOT. Explains what costs have been calculated as part of employee reductions.
077	Sen. George	Asks if \$100,000 is accurate.
079	Marsh	Explains that \$100,000 per year is not accurate.
083	Sen. George	States the figure was per the Governor's original proposal.
088	Marsh	States he would like to review the Legislative Fiscal analysis.
094	Sen. Castillo	In terms of staff reductions, asks if the revenue neutral formulas were based on 58 staff reductions.
100	Marsh	Explains 106 positions would no longer be a part of cost responsibility. Explains where positions were eliminated and that 56 additional positions need to be eliminated.
114	Sen. Castillo	Asks if ODOT is concerned about trucks registering in another state because of registration fee increases and whether that was considered when determining revenue neutrality.
125	Dick Yates	Legislative Revenue Office (LRO). States the opportunity of registering in another state is regarded as having no impact. Explains, in terms of economic theory, an incentive to register fewer vehicles is created because of increased registration fees. Explains it is difficult to evaluate how important the incentive is, relative to other costs. Discusses the economic analysis he previously provided to the committee.
156	Chair Shannon	Asks if he considered Arizona's experience.
158	Yates	States there is no available information from which to draw.
159	Chair Shannon	States she would like to know if Arizona experienced a decrease in registrations.
161	Yates	Speaks to the relevance of practical experience as well as economic theory.
166	Chair Shannon	States the federal government returns money to every state, except five. States Oregon will receive more money from the federal government to help collect registration fees with a shift to a diesel fuel tax.
177	Sen. Beyer	States the fiscal impact statement indicates a \$2.5 million savings for the first year.

		Asks about funds from the International Fuel Tax Agreement (IFTA) or the International Registration Plan (IRP).
187	Dal Ponte	Indicates all states participate in IRP. Discussion continues about Oregon's participation in IRP.
215	Dal Ponte	In response to Sen. Castillo's question about how ODOT dealt with the change in motor carrier behavior, explains they reviewed Arizona's experience.
251	Sen. Beyer	Asks about Nevada's experience.
259	Dal Ponte	States some people indicated Nevada experienced a decrease and others said their experience was neutral.
264	Chair Shannon	Comments on an individual who represents American Rail Association.
275	Dal Ponte	States he will report to the committee at a later date.
282	Sen. Castillo	States an earlier cost responsibility report indicated Oregon experiences a relatively low evasion rate. Asks if a change in the evasion rate was considered when determining revenue neutrality formulas or figures.
300	Yates	Explains what the model assumes with respect to evasion. Explains the built-in evasion factor is unknown. Explains the evasion rate will increase by 7.5 percent as you move to a \$.29 diesel tax rate.
356	Chair Shannon	Explains that every state who has switched to a diesel tax has captured 20 percent to 25 percent evasion.
363	Yates	Explains how the other states' switches are different.
384	Chair Shannon	States California has indicated they saved money and decreased evasion by taxing at "the rack." Asks Mr. Dal Ponte to comment on Oregon's evasion.
394	Dal Ponte	Clarifies that the 12 percent diesel fuel tax evasion calculation, the Mingo study, is predicated on the assumption the tax will be at the pump. Believes the 12 percent evasion is overstated if the point of taxation moves to the rack. Compares evasion rates between a weight-mile tax and a diesel fuel tax.
TAPE 112, B		
007	Chair Shannon	Clarifies ODOT is not expecting a 12 percent evasion rate, but would not be surprised if it were.
010	Marsh	Explains the evasion rate could be more than 12 percent.
015	Sen. Castillo	Asks if an evasion rate increase was included in the model for revenue neutrality.
018	Yates	Explains the Mingo Study came up with a 12 percent evasion factor and a relationship between the diesel fuel tax rate to the evasion rate. Discusses the vehicle mile traveled rate (VMT).

050	Sen. George	Asks if there will be any cost shift to Oregon-based trucking based on the change.
056	Dal Ponte	States he does not believe the shift will be significant.
062	Marsh	Clarifies in terms of the shift, there are different analyses done in the cost allocation study and by the Legislative Revenue Office (LRO).
071	Yates	Explains the last three pages of his July 9 handout did not have an analysis of how the cost responsibility ratios would vary by weight group under HB 2082. Explains why he cannot answer Sen. George's question about a cost shift to Oregon-based trucking.
098	Sen. George	Asks about the effects on small companies with only a few trucks.
124	Yates	Explains he believes there will be ways to economize on registration costs, such as using rental trucks. States he cannot predict what the immediate reaction will be. Explains he thinks there will be less revenue than is estimated with a diesel fuel tax.
151	Sen. George	Asks if LRO considered any of the costs to the consumer involved with renting trucks.
164	Yates	Explains the only way to reasonably look at the issue is to assume some sort of production function to the industry.
178	Chair Shannon	Comments on the \$50 million shortfall Mr. Yates mentioned in previous testimony.
183	Yates	Explains those who are at risk and the three groups that are paying registration fees. States the shortfall is about \$5 million, not \$50 million.
205	Chair Shannon	Asks if Oregon will give a tax break such as Arizona did.
215	Dal Ponte	Explains what Arizona did was part of their implementation plan. Explains Oregon will not give a tax break.
221	Sen. Beyer	References the May 7, 1999, memo from Mr. Dal Ponte to Mr. Marsh. Asks Mr. Dal Ponte to clarify if he thinks the revenue loss will be half of what he had previously estimated.
227	Dal Ponte	Explains Oregon had calculated a \$10 million shortfall if increased registration fees took effect on January 1, 2000, with an absence of the six-month notification.
236	Sen. Beyer	Asks about states that have a registration year beginning on January 1.
245	Dal Ponte	Indicates that 16 states have a January through December registration year. Explains \$5 million is the worst possible scenario. Explains automated prorated calculating systems are complicating factors.
269	Sen. Beyer	Comments on the notification process and 1999 being an election year.
292	Sen. Castillo	Questions Mr. Yates' statement that the higher the diesel fuel tax rate, the higher the evasion.

300	Yates	Explains there is an equation built in the <i>1999 Highway Cost Allocation</i> model that relates evasion to the diesel fuel tax rate. Explains how he made calculations.
333	Chair Shannon	Asks Mr. Dal Ponte if ODOT will be able to successfully implement the change.
336	Dal Ponte	Responds affirmatively.
339	Sen. Castillo	Asks if ODOT believes the program will achieve the principles they are trying to attain. Comments about assuring the public, and that the new way is fair and efficient.
351	Marsh	States ODOT will implement what they are instructed to. Explains that the economics of the situation is an issue to address.
368	Chair Shannon	Asks if the bill is revenue neutral, has no major shift, and has cost responsibility.
377	Dal Ponte	States ODOT has met those three criteria, based on the assumption made.
405	Grace Crunican	Director, ODOT. Submits written information (EXHIBIT B). Discusses the need to fix Oregon's aging infrastructure. Speaks to the increased demands on Oregon highways. Extends appreciation to all of those who have worked on the bill. Answers affirmatively that it is possible to implement the new tax.
TAPE 113, A		
021	Crunican	Discusses major areas of uncertainty for ODOT, including revenue estimates that may not be realized and cost responsibility within the truck category. Comments on a disconnect between the use, damage, and actual taxes paid.
058	Sen. Castillo	Requests clarification of the "disconnect."
062	Crunican	Discusses cost responsibility between cars and sizes of trucks. Explains it is unique that Oregon charges various trucks for the damage they do to the road system.
080	Chair Shannon	States the trucking companies are in agreement.
081	Crunican	States she is describing road damage, not politics.
091	Sen. Castillo	States that under the current system incentives may be created for balanced loads. Asks if the incentives will not be there under the new system.
099	Crunican	Compares the weight-mile tax to vehicle registration fees.
105	Chair Shannon	States the larger trucks will be charged more for the damage they do compared to smaller vehicles.
119	Crunican	Expresses concern about increased costs to Oregon trucks. Expresses concern about ODOT's decreased ability to accommodate heavier trucks by loss of the weight-mile tax. Expresses concern about the effects on cost responsibility studies because of decreased data collection. Discusses the measure's impact on ODOT.
166	Chair Shannon	Asks Ms. Crunican if the department can implement the bill and whether she is

		supportive of the bill.
167	Crunican	States the department can implement the tax. Clarifies it is inappropriate for her to take a position on the bill.
177	Sen. Castillo	Asks if there is a way to retain the weight-mile tax, but alleviate the paperwork burden for the trucking companies.
193	Crunican	Suggests that ODOT might have treated weight-mile tax and cost responsibility as a religion instead of an administrative task. Speaks to the trucking industry's position on weight-mile taxes. States she would be willing to meet with parties to work out a new, easier tax system.
227	Chair Shannon	Comments on the \$26 million federal grant ODOT received to study transponders, and how they discovered that trucks had to pass at 50 mph to make transponders work.
240	Crunican	Discusses the potential of transponders, which are basically electronic license plates. Discusses ODOT's implementation of a transponder program.
290	Chair Shannon	Comments on the trucking industry's desire to work with ODOT.
284	Crunican	Emphasizes the trucking industry is an important customer to ODOT.
307	Chair Shannon	States ODOT employees have suggested things could be done more efficiently.
313	Sen. Beyer	Asks Ms. Crunican if she agrees that the combination of a fuel tax and variable fees is to mirror the impact on the roads and what the state receives from weight-mile taxes.
324	Crunican	Suggests that it is possible, but some things, such as a direct relationship between damage done and taxes paid, are lost in the process.
341	Sen. Beyer	Speaks to the results of a correctly structured fee schedule.
351	Crunican	Explains ODOT currently has a use and damage relationship, but is worried about losing data that allows a cost responsibility study.
370	Sen. Beyer	Discusses the results of a correctly structured fee schedule.
379	Crunican	Speaks to the differing effects on interstate and intrastate truckers. Discusses the effects of increased gas taxes on ODOT.
TAPE 114, A		
004	Sen. Beyer	Speaks to uncertainties of any system that is in place.
011	Crunican	Comments on the split among the state, counties, and cities. Expresses concern about the construction of the overall program. Likens the tax shift to moving from an income tax to a sales tax.
041	Sen. Beyer	Speaking to revenue neutrality, suggests the person paying the tax may shift.

049	Crunican	Speaks to assumptions made regarding fees, revenue, and numbers of registrations.
077	Sen. Beyer	Comments on the effects of an increased recreational vehicle registration fee enacted in a previous legislative session.
085	Crunican	Discusses not knowing the consequences of all assumptions that have been made.
090	Sen. Beyer	States the issue is whether a registration-diesel tax system can mirror cost responsibility under the weight-mile system. States it is possible to make changes to the rates in the next legislative session.
098	Chair Shannon	Discusses the provision in SJR 44 that trucks shall maintain cost responsibility.
110	Sen. Beyer	States the provision does not specifically get at the shift between truck classes and states revenue estimates may be either over or under.
118	Crunican	Expresses the trucking community objects to the high taxes. Compares Oregon's system to other states.
180	Chair Shannon	Comments on the willingness of some legislators to underwrite the rail system. States trucks pay 18 percent of the damage in California and 36 percent in Oregon.
196	Crunican	States ODOT currently has \$4 million for high-speed rail and their budget request contains \$14 million for the biennium. States federal funds are available for track improvements.
202	Chair Shannon	Asks if the \$14 million is to purchase trains.
203	Crunican	Explains how the \$14 million will be spent. Indicates that Colorado put \$200 million into their road system.
217	Chair Shannon	States truckers support the constitutional amendment to maintain cost responsibility. Comments on May Trucking's objections to the difference between cars and trucks. Asks if ODOT will support legislation that requires them to change the weight-mile tax figures based on the recent cost allocation study if the diesel tax transfer fails. Expresses concerns that the truckers have overpaid their taxes since the last cost allocation study.
238	Crunican	Explains it is a misrepresentation to talk about overpaying. Speaks to updating the cost responsibility study.
255	Chair Shannon	Asks if ODOT is willing to lower trucks' responsibility, if warranted.
261	Crunican	States it was done in 1995 and now it is the legislature's decision.
271	Sen. Beyer	States he understands LRO thinks there will be cost responsibility among trucking classes for the next two to six years, based on the proposed rates and taxes in the bill. Requests Ms. Crunican to clarify if she believes the tendency will be to shift within trucking classes in the future because Oregon will have the highest fees and taxes.
286	Crunican	States it will be a shift within trucking classes or to lower the amount of taxes collected or to shift to cars.

290	Sen. Beyer	Speaks to possible consequences if the shift were made and the constitutional change were adopted.
307	Chair Shannon	Asks Ms. Crunican to address her statement that was printed in a Bend newspaper regarding transportation planning.
317	Crunican	Explains that Bend does not have a congestion relief plan and is the biggest city west of the Rocky Mountains without a fixed route transit system. Clarifies her statement in which she suggested the use of jitneys.
374	Sen. George	Recesses the committee at 1:18 p.m.
376	Chair Shannon	Reopens the meeting at 2:52 p.m.
390	Bob Russell	Director, Government Affairs, Oregon Trucking Associations, Inc. (OTA). Introduces the trucking associations that support HB 2082- C. Testifies in support of HB 2082-C (EXHIBIT C).
431	Sen. Castillo	Asks if any of the supporters receive exemptions or different taxation than other trucking groups.
TAPE 113, b		
003	Russell	Answers some trucking groups receive cost allocation or cost responsibility adjustments. Begins with a review of the ODOT weight-mile tax revenues. Speaks to the importance of focusing on Oregon-based trucking.
055	Russell	Begins review of OTA's "Diesel Fuel Tax Plan." Discusses lack of uniformity. States Oregon is the only state without a diesel fuel tax but is one of five states with a weight-distance tax. States compliance with Oregon's system requires extra work on behalf of the truckers.
193	Chair Shannon	States a representative from Arizona indicated Oregon would get money back under the International Fuel Tax Agreement (IFTA) and LRO indicated that money would not make a difference.
200	Russell	States Oregon participates in IFTA, but for the convenience of Oregon carriers. Indicates Oregon collects no money from other states under IFTA. Explains with a change to a diesel fuel tax Oregon will receive money from other states.
216	Chair Shannon	Clarifies that currently the tax from other states is voluntary.
219	Russell	Comments on diesel fuel and gas tax rates for the states and Canadian provinces.
227	Sen. Beyer	Further clarifies Oregon receives no money from IFTA because we do not have a diesel tax, but we receive a weight-mile tax from trucks going through the state. States the final question is whether Oregon achieves revenue neutrality.
233	Russell	States under IFTA all states work cooperatively to collect taxes from the trucking industry, but Oregon is solely responsible for collecting the weight-mile tax.
242	Sen. Beyer	States Oregon will save money, but not receive additional money with the implementation of the change.

245	Russell	Discusses tax revenues Oregon will receive under the bill and speaks to the federal government's program to help curb diesel fuel tax evasion since 1991 of which Oregon received about \$400,000. Explains Oregon's weight-mile tax is complicated and burdensome with 85 different weight-mile tax rates. Displays the paperwork of one company to comply with weight-mile.
365	Sen. Castillo	Asks if there is a way to work with ODOT to find less burdensome system without changing the entire system.
375	Russell	Explains the weight-mile system could conceivably be improved, but it could not meet the needs of the trucking industry.
401	Sen. Castillo	Clarifies it would be necessary to keep track of mileage, fuel, weights, and other information.
405	Russell	Reviews ODOT's comparison of staffing requirements between Oregon and Washington as a result of a change from weight-mile tax to a diesel fuel tax.
TAPE 114, B		
024	Sen. Beyer	Confirms data from 1996.
028	Chair Shannon	Asks if the people who lost their jobs would be qualified to find other jobs.
029	Russell	States ODOT has indicated they would try to place the employees in other positions.
036	Chair Shannon	Reiterates that reporting the weight-mile tax is on the honor system.
037	Russell	Reviews lack of compliance and the level of tax evasion. Compares collection of a diesel fuel tax to a sales tax.
065	Sen. Beyer	Requests clarification of IFTA reporting requirements.
068	Russell	Answers reports are made quarterly, but records must be maintained. States the records are subject to audits. Discussion continues about reporting requirements. Reviews a report of New York state's ton-mile tax.
140	Sen. Beyer	Asks if permit evasion is an issue. States part of the revenue stream is tied to a \$.29 diesel tax, but a substantial amount is high registrations, particularly for interstate.
149	Russell	Explains vehicle registration fees are the least evaded tax.
177	Sen. Beyer	Asks if the reporting of miles driven is an issue.
183	Russell	Speaks of compliance auditing.
198	Sen. Beyer	Discusses Oklahoma's auditing of their home-based trucks. Asks if it would be better to have miles credited to Oklahoma rather than Oregon by increasing their fees and reducing Oregon's.

207	Russell	Answers it could happen if the auditors were dishonest. Speaks to why there are so many trucking companies in Oklahoma. Discusses reducing evasion.
252	Sen. Beyer	Asks for clarification of truck registrations.
256	Russell	States a truck is annually registered at the highest weight under which it will operate.
265	Sen. Beyer	Asks if trailers are registered.
266	Russell	Answers they are, in all states except California. Registration discussion continues using Fred Meyer vehicles as examples.
280	Sen. Yih	Asks what the Oregon's current evasion rate is.
284	Russell	Speaks to the difficulty of calculating evasion. Indicates Oregon's weight-mile evasion is about 25 percent.
303	Sen. Yih	References New York's evasion rate in their 1998 study.
310	Russell	Clarifies Oregon's evasion rate is lower than New York's rate, but New York's weight-mile tax rate is lower.
328	Sen. Yih	Comments on an interim study in which it was indicated Oregon's evasion rate is about 3 percent.
334	Russell	States the report was done in 1993 or 1994. Discusses reasons why Oregon's evasion rate has increased since then. Comments on deregulation of the trucking industry.
355	Chair Shannon	States about 11 percent of the trucks were audited to complete the report. Asks when the last cost allocation study was done.
365	Russell	States a cost allocation study was reported to the legislature earlier this year. Clarifies presentation of cost allocation studies to previous legislatures. Discusses revenue neutrality. Reviews information on the second page of Dick Yates's July 9 testimony. Comments on a 1997-1998 interim subcommittee formed to develop a revenue neutral diesel fuel tax proposal. States the rates for inclusion in HB 2082-C are based on Mr. Yates's analysis.
TAPE 115, A		
032	Sen. Yih	Clarifies the evasion rate.
034	Russell	Explains Mr. Yates built in a 20 percent evasion factor for the diesel fuel tax. Discusses the interest on surplus from 1999-2000 to 2004-2005.
058	Sen. Yih	Asks how neutrality is attained at the end of every two years if there is a deficit.
062	Russell	Explains there is revenue neutrality in the six-year forecast, with a surplus in the 2004-2005 biennium.

		Discussion continues about attaining revenue neutrality through the 2004-2005 biennium. Indicates the diesel fuel tax system is as cost responsible between cars and trucks as the weight-mile tax. Explains cost responsibility studies will be done every two years to adjust the tax rates.
080	Sen. Yih	Requests clarification on how adjustments are made.
085	Russell	Explains registration fees will be changed for which there will be an amendment to the bill. States the diesel fuel tax will be changed only if the legislature changes it.
092	Sen. Yih	Asks if the registration fee requires legislative action.
094	Russell	Comments on an amendment that has been labeled "the ratchet," which allows a change by the Executive Branch.
100	Sen. Yih	Questions how the Executive Branch can change tax rates.
103	Sen. Ferrioli	Explains the legislature could approve a range of taxes and the Executive Branch would have rulemaking authority.
107	Sen. Castillo	Asks if there is the possibility that if there were no automatic ratchet, changes could be made by the Governor's office.
113	Russell	Answers affirmatively. Reviews 1986-1998 information from the Nevada Department of Transportation. Discusses a lawsuit against the state of Nevada by trucking companies in Idaho.
166	Sen. Yih	Asks in what year the decrease occurred in Nevada.
168	Russell	Indicates 1990-1992. Explains revenues then were lower than those in 1989. States Nevada's tax rates have continued to climb since 1993. Clarifies there was a \$70 million liability to the trucking industry. Begins discussion of tax equity within the trucking industry. Reviews the comparison of HB 3344 and HB 2082 with a \$.06 gas tax and registration fee increase and current law.
281	Chair Shannon	Expresses concern that there was a 40 percent difference for cement trucks between the cost allocation study and a report from ODOT.
292	Russell	Discusses differing approaches to cost allocation.
296	Chair Shannon	Asks whose rate went down.
297	Russell	States the 80,000 pound trucks went down.
306	Sen. Yih	Asks what will be done to create equity between intrastate and interstate trucks.
310	Russell	Refers to the percentages under HB 3344.
322	Sen. Yih	Asks for clarification in figuring miles per gallon.
325	Russell	Explains that by dividing the miles per gallon into annual miles multiplied by the fuel tax rate the yearly dollars paid is calculated. Clarifies the OTA's diesel tax

		proposal is the \$.29 in the bill. Clarifies the diesel tax rate does not vary.
348	Sen. Beyer	Asks if a ratio of diesel tax versus registration fees was established when calculating the proportion of money between trucks and cars in the different classes.
355	Russell	States Sen. Beyer's question is a perfect segue into the cost allocation portion of his testimony and reviews information. Explains working with segments of the trucking industry to create equity because the registration fee component is not mileage-sensitive. Discusses available refunds.
TAPE 116, A		
010	Sen. Beyer	Asks if trucks receive a refund or credit.
012	Russell	Indicates that trucks receive a refund and that a refund system is more difficult to evade than a credit system.
015	Sen. Beyer	Asks for more information about damage to roads and if the different fees for different types of trucks respects that.
018	Russell	Suggests that equity is in the eye of the beholder. Discusses the ODOT cost allocation approach, the new contractor cost allocation approach, and the diesel fuel tax system. Describes where differences may occur. Wonders if equity or stability is available. Stresses the importance of stability in the trucking industry.
047	Sen. Castillo	Asks if some fleets of trucks will see an overall reduction in their tax obligation under the new structure.
050	Russell	Indicates that some fleets will experience a reduction. Discusses provisions of the measure and implementation of the diesel fuel tax.
070	Chair Shannon	Clarifies issues related to cement trucks and dump trucks.
073	Russell	Explains that cement trucks were treated like any other truck. Indicates that dump trucks might see an increase because they participate in a flat fee option. Describes the weight reduction incentive.
123	Sen. Castillo	Expresses disappointment that the weight-mile tax is being repealed and replaced with a diesel fuel tax as part of the transportation package. Discusses the great needs of the roads.
147	Russell	Indicates that it was the intent to separate issues in the bill, however the issues are related. Discusses past support by the trucking industry for highway use taxes. Explains that the trucking industry supports the diesel fuel tax, the increase of passenger registration fees, and the increase in fuel taxes.
189	Sen. Beyer	Discusses information related to the gas tax increase.
201	Chair Shannon	Discusses political issues and caucus votes. Reviews options. Suggests that she will create an amendment to address political issues.
275	Sen. Yih	Asks if the measure would need a referral to the people.

Submitted By, Reviewed By,

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Partially transcribed by Valerie Luhr.

EXHIBIT SUMMARY

A - HB 2082, Written materials, Gregg Dal Ponte, 3 pp.

B - HB 2082, Written materials, Grace Crunican, 10 pp.

C - HB 2082, Written materials, Bob Russell, 58 pp.