

SENATE COMMITTEE ON TRANSPORTATION

July 9, 1999 Hearing Room 50

8 a.m. Tapes 107 - 108

MEMBERS PRESENT: Sen. Lee Beyer

Sen. Susan Castillo

Sen. Tom Hartung

MEMBERS EXCUSED: Sen. Ted Ferrioli

Sen. Gary George

Sen. Marylin Shannon, Chair

Sen. Mae Yih, Vice-Chair

STAFF PRESENT: Megan Palau, Administrator

Valerie Luhr, Administrative Support

MEASURE/ISSUES HEARD: HB 2082-C 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 107, A		
004	Chair Hartung	Acting chair in Chair Shannon's absence. Calls the meeting to order at 8:30 a.m. as a subcommittee and opens a public hearing on HB 2082-C.
<u>HB 2082-C PUBLIC HEARING</u>		
010	Betsy Earls	Associated Oregon Industries (AOI). Testifies in support of the bill. Review is

		<p>AOI's goals that would be satisfied by a gas tax bill:</p> <ul style="list-style-type: none"> • contribute to a free flow of freight and people • provide sufficient funding to maintain roads and bridges in usable condition • emphasize value for dollar spent ensuring efficiencies to the greatest extent possible
050	Chair Hartung	Expresses concern whether the repeal of the weight-mile tax maintains cost responsibility.
055	Sen. Beyer	Explains the bill protects cost responsibility between truck and cars, but it may be difficult to maintain between truck classes. States he believes there will be a substantial fee increase for in-state trucks and smaller trucks. Asks if the small trucking companies are aware of the bill.
081	Earls	Explains AOI surveyed Oregon trucking companies with three or more trucks and they found a lack of concern among small trucking companies.
100	Sen. Beyer	Asks if the small trucking companies are well taken care of.
102	Earls	Responds affirmatively.
108	Chair Hartung	Asks Sen. Castillo to comment on cost responsibility.
111	Sen. Castillo	Expresses concern about cost responsibility between truck classes. Expresses concern that incentives to haul lower weights will go away.
122	Earls	Explains she is more familiar with revenue neutrality issues, than cost responsibility.
127	Sen. Castillo	Asks how revenue neutrality can be maintained when taxes are reduced for some trucks and other truck classes are given exemptions.
135	Sen. Beyer	Explains truck weights and multiple axles are interstate issues, not intrastate.
151	Earls	Suggests the committee review the new cost responsibility study.
165	Charlie Hales	League of Oregon Cities (LOC) and City Commissioner, Portland, Oregon. Testifies in support of the bill. Discusses Portland's experience.
229	David Barenberg	League of Oregon Cities. Testifies in support of the bill (EXHIBIT A) with a review of the information on pages 7, 8, 9, 13, and 15.

276	Sen. Beyer	Asks Barenberg to comment on maintaining cost responsibility as a result of the shift from a weight-mile tax to a combination diesel fuel tax and registration fee increase.
282	Barenberg	Discusses putting state policy in the Oregon constitution and having a mechanism to ensure the constitutional provision would be implemented.
319	Sen. Beyer	Asks if the system shift should remain contingent upon passage of the constitutional amendment.
326	Barenberg	Discusses the benefit of having the switch in systems by constitutional amendment.
345	Hales	States the public is increasingly concerned about transportation issues in general, but have never been asked about cost responsibility. States he is confident the public will support the system switch.
376	Sen. Castillo	States she believes the voters would want to know that Oregon is praised across the country for its current cost responsibility system. Questions the changing of a program that is so highly revered.
TAPE 108, A		
002	Hales	Comments on the risk of failure to pass a transportation package for the fourth session in a row. States the risk of inaction is greater than the proposed changes in the bill. States Oregon is experiencing a boom time and is in a race with its own circumstances to fund infrastructures and amenities for population growth in the cities.
030	Sen. Castillo	States she is also concerned about the needs of cities and counties and wants something to be done to meet those need. Expresses concern the weight-mile issue was not kept separate.
038	Chair Hartung	Recognizes the main concerns are maintenance, repair, and new roads. Asks Hales if the state would be better off to increase the gas tax this session and postpone the weight-mile issue.
048	Hales	States this is the best package and it can be made to work.
070	Barenberg	States LOC differentiates between policy and implementation in the discussion on weight-mile and truck taxation. States their membership approves of the principle of revenue neutrality and cost responsibility. Comments on the trucking industry's view of LOC. States this bill has come a long way from HB 3344.
125	Sen. Castillo	States she hopes the committee will have the opportunity to walk through the various components of the bill.

130	Bill Penhollow	Association of Oregon Counties (AOC). Presents introductory remarks.
137	Laura Pryor	Judge, Gilliam County, Oregon. Reviews 1998 county population and Oregon's county road system information (EXHIBIT B). Discusses road funding concerns for the eastern portion of the state.
195	Pryor	Discusses revenue declines for the areas in the eastern part of the state.
293	Bill Kennemer	Commissioner, Clackamas County, Oregon. Discusses congestion strategies for high-growth urban counties in Oregon (EXHIBIT B). Indicates county roads were not designed for urbanization.
405	Sen. Beyer	Asks if Clackamas County's road expansion is primarily on county roads or state highways.
411	Kennemer	Explains it is a combination and relates the experience of Beavercreek and Oregon City.
TAPE 107, B		
002	Sen. Beyer	Asks if high-growth counties have considered systems development charges (SDCs).
003	Kennemer	States Clackamas County's SDC for roads is about \$2000 per residence. States cities have separate SDCs, which are higher than the county's.
016	Sen. Castillo	Asks Judge Pryor for her opinion about weight-mile as part of the package.
020	Pryor	States AOC has historically opposed any change to weight-mile. States truck deregulation has exacerbated the situation. States the cost responsibility policy decision should be decoupled from the nuts and bolts implementing legislation. States the counties believe there needs to be a constitutional amendment for policy on cost responsibility. States the counties are hopeful about the bill, but she is personally worried. Expresses concern that small trucking companies are unaware of the proposed changes in vehicle registration.
063	Penhollow	Explains AOC has adopted a number of basic principles for a funding package, such as maintaining cost responsibility and cost allocation, and maintaining revenue neutrality.
097	Ralph Groener	American Federation of State, County, and Municipal Employees (AFSCME). Testifies in support of the bill. Explains he is hearing something different from the cities and counties than arguments in the legislature. States safety is not addressed enough. Discusses Tillamook County's experience. Discusses jobs and economic issues by focusing on the need to retrofit bridges in Multnomah County. States the unions support a gas tax increase, but do not believe it will pass with the weight-mile issue in the bill.

207	Sen. Castillo	Asks Groener to expand on his comment about not passing a gas tax as long as there is a weight-mile tax.
219	Groener	Further explains that his members do not believe a gas tax will be passed in this session if Oregon does not do away with the weight-mile tax.
233	Lee Hazelwood	Senior Advocate. Relates his background as vice-president of an interstate trucking company. States he believes ODOT is doing a good job as is the federal government. Comments on the number of volunteer hours for the Department of Human Resources. Questions whether those volunteer hours can be maintained with an increase in the gas tax.
305	Chair Hartung	States there will be an opportunity for additional public testimony at the 3 p.m. hearing. Adjourns the committee at 9:45 a.m.

Submitted By, Reviewed By,

Valerie Luhr, Megan Palau,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ HB 2082-C, written information, David Barenberg, 31 pp.

B ñ HB 2082-C, written information, Bill Penhollow, 8 pp.

SENATE COMMITTEE ON TRANSPORTATION

July 9, 1999 Hearing Room 50

3 p.m. Tapes 109 - 110

MEMBERS PRESENT: Sen. Marilyn Shannon, Chair

Sen. Lee Beyer

Sen. Susan Castillo

Sen. Tom Hartung

MEMBERS EXCUSED: Sen. Ted Ferrioli

Sen. Gary George

Sen. May Yih

STAFF PRESENT: Megan Palau, Administrator

Valerie Luhr, Administrative Support

MEASURE/ISSUES HEARD: HB 2082-C Public Hearing

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TAPE/#	Speaker	Comments
TAPE 109, A		
004	Chair Shannon	Opens the meeting at 4 p.m. Opens a public hearing on HB 2082-C.
<u>HB 2082-C PUBLIC HEARING</u>		
010	Rep. Ken Strobeck	House District 6. Discusses the bill from the perspective of the House Revenue Committee. Reviews Oregon's spending limitations, such as lower vehicle registration fees. Submits and discusses information from the Oregon Department of Transportation (ODOT) (EXHIBIT A), which includes the "B list" of projects. Discusses how projects get into the Statewide Transportation Improvement Program (STIP). Discusses House Revenue Committee oversight.

115	Rep. Strobeck	Discusses implementation of the gas tax and split between cities and counties, which would change to a 50-30-20 split after two years. States, as chair of the Revenue Committee, he supports HB 2082-C.
185	Chair Shannon	Asks Rep. Strobeck if he thinks revenue neutrality can be maintained with a shift to a diesel tax and if he supports the current gas tax distribution.
193	Rep. Strobeck	States he believes the distribution would have been simpler with a \$.06 increase but does support the current distribution. Cautions that \$.01 is not enough to meet ODOT's maintenance and preservation needs, but the additional money generated by registration increases and funds from TEA-21 (Transportation Equity Act for the 21 st Century) and other sources helps make up the difference. States his support for the change to the diesel tax and the proposed distribution. States truckers understand registration fees would increase with a diesel tax.
265	Sen. Beyer	Asks Rep. Strobeck to clarify the project distribution between regions.
269	Rep. Strobeck	States the project distribution is reflective of population numbers.
276	Sen. Beyer	Discusses bonding to complete \$600 million in new projects and having more cash management flexibility.
286	Rep. Strobeck	States he is not committed to bonding every penny and is willing to let projects be done on a cash basis.
296	Sen. Castillo	Comments on the adopted <i>Highway Plan</i> public hearing process. States she sees the current package as doing more in modernization and less in maintenance and preservation and expresses concern that this is against what the public wants.
323	Rep. Strobeck	Explains the committee reviewed the maintenance and preservation needs for cities, counties, and the state and also looked at modernization to take care of the capacity issue.
356	Sen. Castillo	States \$600 million will be received for modernization. Asks how much will be spent for maintenance and preservation.
362	Sen. Beyer	States the cash flow over the six-year period is about \$100 million a year of which half will go to debt service.
379	Rep. Strobeck	Explains bonding is essential because many of the project have huge price tags. States one penny generates about \$25 million.
407	Chair Shannon	States ODOT collects \$.24, of which \$.04 goes to modernization and \$.20 is administration.

TAPE 110, A

005	Sen. Castillo	Asks for clarification of the decision to do bonding and how much it will cost.
010	Rep. Strobeck	States the volume of delayed projects is so huge there is no way to save up the necessary amount of money. States \$.01 cent of the gas tax and the \$10 registration fee increase are dedicated debt service.
031	Sen. Beyer	Explains buying new infrastructure in analogous to a mortgage on a new home.
047	Paul Warner	Legislative Revenue Officer (LRO). States the charges to LRO were to make modify HB 2082 in terms of a \$.05 gas tax increase instead of \$.06, and to define a structure that achieves revenue neutrality and maintains cost responsibility. Introduces an overview of HB 2082-C (EXHIBIT B).
102	Dick Yates	Legislative Revenue Office. Reviews the tax rate and fee changes timeline for the bill.
143	Sen. Beyer	Asks what the diesel rate is in Washington and California.
148	Chair Shannon	States California's rate is \$.26 and Washington's rate is \$.27 cents.
151	Sen. Beyer	States the rate is close enough that people will not buy fuel in one state versus another.
154	Yates	States taxes paid are based on miles driven in Oregon.
158	Chair Shannon	States Arizona was concerned that drivers would bypass their state to purchase fuel but it did not happen.
164	Sen. Beyer	Asks if the implementation cycle is technically feasible especially if the bill is referred.
167	Yates	Explains Legislative Counsel is struggling with the question.
180	Joan Robinson	Legislative Counsel Office (LCO). Explains there will be a phase-in if the bill is referred to the voters.
192	Sen. Beyer	Asks about cash flow. Discussion continues about the effects of the repeal of the weight-mile tax and imposition of the diesel fuel tax and what happens if the bill is referred to the voters.

235	Sen. Beyer	Asks if it is possible that we are over-projecting out-of-state registrations.
242	Yates	Explains about \$50 million may be at risk. Reviews IFTA (International Fuel Tax Agreement) registration requirements. Discussion continues.
272	Chair Shannon	Asks why it is a problem if notice is given in September.
276	Yates	Explains registration fees are imposed on a calendar year basis and six-months' notice means by July 1.
286	Warner	Refers to a letter from Gregg Dal Ponte regarding implementation date issues. Suggests Dal Ponte address the committee concerning risks for having missed the notification period.
305	Chair Shannon	States she will call California and Washington. States she does not want anything to happen that will hurt the funding stream. Discussion of issues revolving around registration fee implementation and notification continues between committee members, Yates, and Warner.
380	Yates	Discusses distribution of highway user fees for January 1, 2000.
TAPE 109, B		
029	Yates	Discusses adjusting registration fees to achieve revenue neutrality.
048	Sen. Castillo	Requests clarification of the rationale for some vehicles to not pay the variable fee.
050	Chair Shannon	States log trucks can choose to pay a flat fee.
054	Yates	States sand and gravel and chip trucks can pay flat fees.
		Discussion continues about exemptions.
072	Sen. Castillo	Asks what the revenue decrease will be.
076	Yates	States he will provide the information.
077	Chair Shannon	States the bill is not intended to hurt local truckers so there is a higher registration fee for out-of-state truckers. States all trucks will pay a fuel tax.

087	Sen. Castillo	States trucks will be paying less than under the current weight-mile tax.
090	Yates	Continues review of the method to adjust registration fees to achieve revenue neutrality. Reviews the HB 2082-C revenue distribution for the state, counties, and cities. Clarifies the information is similar to what was discussed with the President's Office.
195	Yates	Reviews current law revenue distribution and the changes from current law.
201	Sen. Beyer	States his understanding of current and proposed revenue distribution. Discussion continues concerning the allocation and distribution of funds.
245	Yates	Reviews the required heavy vehicle revenue information taken from the "1999 Highway Cost Allocation Study."
345	Chair Shannon	States the numbers presented seem to maintain revenue neutrality. Asks if the gap will be \$50 million, not \$5 million.
363	Yates	Explains how he arrived at the \$50 million.
372	Sen. Castillo	Asks for how long the revenue neutrality will last.
377	Warner	In response, reviews the information on page 3.
400	Rep. Leslie Lewis	House District 29. Testifies in support for HB 2082-C. Comments on the importance of the Newberg-Dundee Bypass project for her district, which is on ODOT's project list.
TAPE 110, B		
016	Sen. Beyer	Asks Rep. Lewis if she know what the construction dollars will be for the project.
024	Rep. Lewis	Explains the project could cost from \$80 million to \$90 million, with 45 percent to 50 percent paid by tolls. States her support for tolling.
038	Dave Haugeberg	Chair, Yamhill County Parkway Committee. Testifies in support of the bill because it accomplishes the funding for so many transportation projects.
057	Roger Worrall	City Councilman, Dundee, Oregon. Submits a letter from Congressman David Wu (EXHIBIT C). Testifies in support of the bill. States he has communicated with Oregon's federal legislators, as well as Vice President Gore.

080	Chair Shannon	Reviews the committee's July 10 agenda.
104	Sen. Beyer	States he wants to spend more time reviewing the information from the Legislative Revenue Office.
114	Chair Shannon	Adjourns at 5:30 p.m.
		Staff submits testimony in opposition to HB 2082-C (EXHIBIT D) on behalf of AAA.

Submitted By, Reviewed By,

Valerie Luhr, Megan Palau,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ HB 2082-C, written information, Rep. Ken Strobeck, 7 pp.

B ñ HB 2082-C, written information, Dick Yates and Paul Warner, 10 pp.

C ñ HB 2082-C, written information, Roger Worrall, 1 p.

D ñ HB 2082-C, written testimony, staff, 22 pp.