

Tapes 205-206 (A/B) Public Hearing: HB 2223A HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE May 24, 1991 8:00 AM Hearing Room A State Capitol Building Members Present: Representative Delna Jones, Chair Representative Carl Hosticka, Vice-Chair Representative Mike Burton Representative Kelly Clark Representative Bev Clarno Representative Mike Nelson Representative Fred Parkinson Representative John Schoon Representative Jim Whitty Staff Present: Terry Drake, Legislative Revenue Office Linda LQach, Committee Assistant Witnesses Present: John Merriss, Oregon Department of Transportation (ODOT) Bob Russell, Public Utility Commission (PUC) Mike Meredith, Oregon Trucking Association (OTA) Dell Isham, Oregon AAA TAPE 205 SIDE A 005 CHAIR JONES called the meeting to order at 8:08 as a subcommittee until a quorum was reached at 8:11. She conducted administrative business. PUBLIC HEARING - HB 2223A 012 TERRY DRAKE reviewed two major factors in HB 2223: 1) 1989 Legislative Assembly made changes to the tax system for heavy vehicles for fiscal cost responsibility. He explained an oversight with respect to taxing trucks over 105,000 pounds. HB 2223A corrects basic technical problems. 2) The Department of Transportation completes a new cost responsibility every two years because factors change. The new study found the relative responsibility of heavy vehicles declining. HB 2223A would create a revenue reduction in the highway fund of approximately \$38 million in the 1991/93 biennium. 052 Questions and discussion. CHAIR JONES referred to Fiscal Impact Statement. Exhibit 1 069 Questions and discussion regarding cost responsibility between classes of vehicles and adjustments within the heavy vehicle classification.

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speaker's exact words. For complete context of proceedings, please refer to the tape recording. House Committee on Revenue and School Finance May 24, 1991 Page 2 087 JOHN MERRISS supported HB 2223A and reviewed charts entitled Financing Oregon's Highways by Cost Responsibility. Exhibit 2 Questions and discussion interspersed. TAPE 206 SIDE A 025 Questions and discussion regarding estimated revenue reduction and perspective of revenue numbers. 035 JOHN MERRISS continued with his presentation. He explained anticipated collections are based on the December 1990 forecast. Exhibit 2 Questions and discussion interspersed. 231 JOHN MERRISS explained an intent to update information of cost responsibility. 238 JOHN MERRISS reviewed how HB 2223 incorporates the findings of the 1990 Cost Responsibility Study. Exhibit 3 Questions and discussion interspersed. TAKE: 205 SIDE B 001 JOHN MERRISS continued his review of how HB 2223 incorporates the findings of the 1990 Cost Responsibility Study. Exhibit 3 Questions and discussion interspersed. 027 ROBERT RUSSELL supported HB 2223 and read his prepared testimony. Exhibit 4 Questions and discussion interspersed. 099 MIKE MEREDITH noted the importance of HB 2223 for the trucking industry and supported a simplified tax system. He discussed the current and previous tax calculation of trucks over 105,000 pounds. He reviewed HB 2737 legislation from 1989. The trucking industry prefers a formula for trucks over 105,000 pounds, but this may appear as getting heavier weights. The trucking industry agrees with the use of diesel tax for overweight vehicles and emphasized the trucking industry is not interested in increasing truck weights. HB 2223 reflects cost responsible rates and the Oregon Trucking Association will pay their fair share of taxes. He reviewed the major change in 1989 (axle weight system tax) and an agreement to delay a tax increase until 1992 with a review during the 1993 legislative session. The OTA supports maintaining cost responsibility integrity. He proposed in 1993 that the axle weight distance tax go to weights below 80,000 pounds.

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200 MIKE MERRISS supported HB 2223A. 199 DELL ISHAM supported the cost responsibility concept and noted concerns with HB 2223. The cost responsibility study is not scientific and is based on assumptions which uses a cost allocation process (can vary 3-4%). He did not object to a collection procedure on a declared weight basis. He commented on the loss of revenue from HB 2223 and believed HB 2223 should be reviewed in conjunction with HB 3559. 255 Questions and discussion regarding preliminary revenue impact figures from the Department of Transportation. 273 DELL ISHAM described "unjustified preferential treatment" to weight mile taxpayers and gave examples of a tax increase deferral to 1992 and the timing of a weight mile tax decrease. 308 DELL ISHAM supported tire pressure included as a factor in cost responsibility formula. 333 DELL ISHAM summarized the position of AAA: 1. Maintain current 12.6% weight mile tax increase scheduled for 1992. 2. Implementation of the weight mile tax reduction should take place in accordance with the cost responsibility study (1993 - not 1992). 3. A requirement that tire pressure be used in the 1993 cost responsibility study. 345 REP. HOSTICKA referred to an article entitled Tax breaks for trucks recommended by House Transportation Committee from AAA motorist newspaper. He questioned the logic related to statements in the articles regarding revenue impact. He was concerned with misleading people. Exhibit 5 394 Questions and discussion regarding newspaper article. 401 DELL ISHAM did not support HB 2223A in it's present form. 404 Questions and discussion regarding AAA position on HB 3559. DELL ISHAM would either support or be neutral on a 2 cent tax increase over two years. TAPE 206 SIDE B 007 Questions and discussion regarding newspaper article and AAA position on cost responsibility. Exhibit 5 026 Questions and discussion regarding cost responsibility development working group. 032 Questions and discussion regarding AAA's process in forming a position on various pieces of legislation.

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Page 4 123 JOHN MERRISS explained that tire pressure will be a factor in the next cost responsibility study. 132 Questions and discussion regarding AAA participation in public hearings/task force meetings in past cost responsibility studies. 150 JOHN MERRISS interjected that revenue numbers used by Dell Isham were preliminary. He noted the correct fiscal impact. Exhibit 1 170 Questions and discussion. 178 REP. HOSTICKA believed HB 2223 is a result of a long process and a good faith attempt for cost responsibility. 180 CHAIR JONES agreed with Rep. Hosticka and pointed out other factors for future meetings. 204 CHAIR JONES conducted administrative business. Questions and discussion regarding committee schedule (tax credits, transportation, long term school finance). 273 CHAIR JONES adjourned the meeting at 9:54.

Linda Leach, Committee Assistant Kimberly Taylor, Office Manager EXHIBIT SUMMARY 1. Fiscal Impact Statement Form, ODOT, 5/20/91 - HB 2223 2. Financing Oregon's Highways by Cost Responsibility - An Oregon Tradition, ODOT, 5/24/91 - HB 2223 3. Testimony from ODOT, 5/24/91 - HB 2223 4. Testimony from PUC, 5/24/91 - HB 2223 5. Memo from W.W. Gardner

with newspaper article, 5/24/91 - HB 2223 6. Staff Measure Summary HB 2223A, House Committee on Transportation, 5/24/91 - HB 2223

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