

MINUTES
HOUSE TRANSPORTATION & DEFENSE COMMITTEE

DATE: Thursday, February 16, 2017

TIME: 1:30 P.M.

PLACE: Room EW40

MEMBERS: Chairman Palmer, Vice Chairman Shepherd, Representatives Gestrin, Hixon, Kauffman, Packer, Youngblood, McDonald, Dixon, Harris, Holtzclaw, Monks, DeMordaunt, Syme, King, Wintrow, Gannon

**ABSENT/
EXCUSED:** Representative(s) Dixon

GUESTS: Jack Lyman, Idaho Housing Alliance; Nick Veldhouse, Jonathan Parker, Rod Twete, Idaho Association of Highway Districts; Bruce Wong, Director, John Kirk, David Wallace, Ada County Highway District

Chairman Palmer called the meeting to order at 1:32 PM.

Mollie McCarty, Government Affairs Program Manager, Idaho Transportation Department, introduced the presenters and gave a brief overview of the vehicle miles traveled tax, now known as the road user fee.

Travis Dunn, Partner, D'Artagnan Consulting, gave a presentation on distance charging as a possible solution to transportation funding problems. As Idahoans continue to purchase more fuel efficient vehicles, the gap between available funding and transportation needs expands. Mr. Dunn stated that tax based on the number of vehicle miles traveled (VMT) would protect transportation revenues against the effects of ever-increasing vehicle fuel efficiency and the use of alternative fuels. VMT tax has high potential for revenue in a transportation funding crisis that forecasts continued improvements in fuel economy despite recent gasoline price trends. Idaho can benefit from the other states that have found federally funded opportunities to do more localized research on the testing and implementation of distance charging.

In response to committee questions, **Mr. Dunn** stated Missouri's grant proposal was a registration fee based on vehicle horsepower, but they have now showed interest in MPG-based registration fees.

Stephen Fitzroy, Executive Vice President of EDR Group, gave a presentation on the economic and equity impacts of a road user charge to urban and rural counties. A study was performed in 7 Western states (including Idaho) to develop a method of switching to a "revenue-neutral" mileage-based system. There are roughly 26,500,000 vehicle miles traveled per day in all of Idaho, equating to 7,800,000,000 miles per year. The group focused on defining urban rural and mixed areas in terms of interactions between where people live and work, with an objective of developing a better foundation for deriving estimates of total household VMT. Mixed and rural drivers, who often own older and less efficient vehicles, would end up paying less, while urban drivers, who own newer and therefore more fuel efficient vehicles, would pay more. The group's systematic assessment for a number of states found that in general, there is likely to be no disadvantage for rural or suburban households if the decision is made to transition to a mileage-based rather than a sales tax based system. Although the results are only averages due to individual household travel patterns and vehicle purchase decisions that influence the degree to which these study results apply to them, this study provides some level of confidence that there will be no major inequity from a geographic

perspective, if a mileage-based system revenue system is introduced to replace a gas tax. These findings were supported by other studies.

In response to committee questions, **Mr. Fitzroy** stated this would only affect private passenger vehicles, the fuel tax, and just a portion of gas tax paid by households with passenger vehicles.

In response to committee questions, **Mr. Fitzroy** stated there must be a dialogue between the western states to decide what the best mileage taxation options are.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 2:09 P.M.

Representative Palmer
Chair

Jasmine Platt
Secretary