

MINUTES
HOUSE TRANSPORTATION & DEFENSE COMMITTEE

DATE: Wednesday, March 14, 2012

TIME: 1:30 P.M.

PLACE: Room EW40

MEMBERS: Chairman Palmer, Vice Chairman Ellsworth, Representative(s) Wood(35), Smith(24), Bedke, Wills, Hart, Nonini, Hagedorn, Bateman, Henderson, Nessel, Ringo, King, Killen

**ABSENT/
EXCUSED:** Representative Wills

GUESTS: Mike Brassey, Union Pacific Railroad (UPR); Laura Johnson, Idaho State Department of Agriculture (ISDA); John Watts, Veritas Advisor; Dennis Johnson, United Heritage; Ken Burgess, Community Planning Association of Southwest Idaho, (COMPASS); Maureen Gresham, Randy Krause, and Mollie McCarty, Idaho Transportation Department (ITD); Pat Maranda and Tom Nicholson, Roaring Springs/Wahooz Water Park; Tammy de Weerd, City of Meridian; Ann Little Roberts, Meridian Chamber of Commerce; Adam Bartelmay, Boise Metro Chamber of Commerce; Colby Cameron, Sullivan Reberger Eiguren

Chairman Palmer called the meeting to order at 1:33 P.M.

Rep. Bateman made a motion to approve the March 6, 2012 and the March 8, 2012 minutes. **Motion carried by voice vote.**

S 1317: **Rep. Hagedorn** presented **S 1317**, which modifies the specified list of eligible highway projects on which the Idaho Transportation Board is authorized to use federal aid highway funds to pay the principal, interest and other debt service costs incurred from bonds issued by the State. There will be no new bonding authority in this bill, but any unused bonding would now be eligible for use on the Statewide Bridge Program. There are nineteen bridges that are on ITD's high priority list but are not on ITD's five-year plan, because there is no funding source. ITD considers factors such as condition, average daily traffic, route, and bridge age when considering replacement. All of the GARVEE projects were estimated to cost \$855 million, however, with better pricing on those projects and other savings, ITD may see \$25 to \$50 million not used. With the language in this bill, ITD Board would have the option of using that bonded money for bridge projects. The ITD Board will have to make the decision, but this gives them the choice and gives them a tool to put bridges into the planning document.

The committee members said if ITD did not use all of the bonded money the left-over funds should be used to retire the debt. When asked about the Meridian overpass, **Rep. Hagedorn** said the Meridian project is listed as number five on the priority list but there are four other bridges that have higher priority. The ITD Board would make the decision. Rep. Hagedorn said there are bridges being repaired today, but these nineteen bridges cannot be put on the planning document. The committee questioned whether or not there would be money left over after Highway 16 is completed. Noting that ITD is not sponsoring this bill, the committee asked to hear from **Mollie McCarty**, ITD Governmental Affairs Program Manager. She said this is a Board level consideration. She said, however, anytime the Legislature brings a tool for the Department it is appreciated. The committee asked if this bonding would keep ITD's debt service under the 30% of Federal Funding. Mollie McCarty said ITD is now at 19% debt service. This is a borrowing tool not money in hand.

Dennis Johnson, CEO of United Heritage Co. spoke **in favor** of **S 1317**. His company bought property in 2001 and built next to the Meridian interchange. He said in the past there were three lanes going north and south on Meridian Road. This road has been expanded to four lanes on each side of the overpass. The overpass has become a bottleneck. There were 60,000 cars in 2001 and now there are 80,000 cars using that overpass. His company is interested in keeping clear access for their employees. Mr. Johnson also mentioned another reason for improvement is that there is no pedestrian walk way and children use the road to get to the Roaring Springs Water Park which is dangerous.

The committee members suggested another mechanism to raise funds for a new bridge would be to add a surcharge of up to \$20 per person. It was also noted that 64% of GARVEE funds were spent on the area near Meridian and every vehicle in Idaho pays for those improvements.

MOTION: **Rep. Bateman** made a motion to send **S 1317** to the floor with a **DO PASS** recommendation.

More discussion ensued and the committee was reminded that Idaho is \$583 million a year short of funds to maintain Idaho's infrastructure. This bridge will cost \$28 million, and though the committee appreciates the leverage option of being able to bond at 2% over 17 years, they said there is more serious work to do.

ROLL CALL VOTE ON THE MOTION: **Rep. Palmer** requested a roll call vote on the motion to send **S 1317** to the floor with a **DO PASS** recommendation. **Motion failed by a vote of 3 AYE, 11 NAY, 1 Absent/Excused. Voting in favor of the motion: Reps. Hagedorn, Bateman, and Nettet; Voting in opposition to the motion: Reps. Palmer, Ellsworth, Wood (35), Smith (24), Bedke, Hart, Nonini, Henderson, Ringo, King, and Killen. Rep. Wills** was absent/excused.

H 414: **John Watts**, Veritas Advisor, representing Watco Railroad Companies, presented **H 414**, beginning with the four purposes for this proposal. The first purpose is to create a way for railroad, trucks and private shippers to receive loans from the Department of Agriculture. The loans are on a sliding scale. The second purpose is to provide a grant program. The third purpose is to finance the Rural Economic Development and Integrated Freight Transportation (REDIFIT) account in the State Treasury. The fourth purpose is to use a portion of the fund for rail and trains. This bill requests funds to be transferred to ITD to prepare and periodically update Idaho's rail plan. The annual amount to be transferred to ITD shall not exceed 1% of all funds contained within the REDIFIT account. This comes to \$18,000 a year, and ITD is authorized to accumulate funds not to exceed \$75,000. This money would accumulate so ITD could renew the rail plan every five years. Mr. Watts said Idaho Code Section 49-2905 states that ITD shall prepare a rail plan and the REDIFIT fund shall be used. The plan stalled in 2010 because of a review and analysis from ITD's legal counsel. However on January 20, 2012 ITD reviewed this legislation and reported no concerns with the intent of the proposal and the ITD Board accepted the staff's review.

MOTION: **Rep. Ellsworth** made a motion to send **H 414** to the floor with a **DO PASS** recommendation.

SUBSTITUTE MOTION: **Rep. Wood (35)** make a substitute motion to **HOLD H 414** in committee.

Rep. Wood (35) spoke in opposition to **H 414**, stating that the REDIFIT account was originally a revolving loan fund to help cities and counties get their commodities for sale out of state. Rep. Wood (35) believes the rail plan has nothing to do with the loan fund. ITD has not had cooperation from the railroads for funding the rail plan. She talked with Union Pacific Railroad who would work with ITD to do the rail plan, and they have the budget to help with this. Rep. Wood believes there is discrepancy between what this bill was planned for and what this bill proposes to do with the fund. Rep. Wood (35) said Clark County is submitting a request for a loan and so this fund should remain a loan fund to pay for turn lanes, stop lights and decks over the railroad in order to help get goods to market.

The committee asked for the current amount in the fund. **Mr. Watts** yielded to **Laura Johnson**, Idaho State Department of Agriculture, who stated she believes there is \$1.82 million in the REDIFIT account. The committee asked Mr. Watts if his clients are in favor of the plan and if any of the railroad entities will contribute to the rail plan. Mr. Watts said Watco has to provide funding for up to 3% of the administrative costs. He does not know of any railroads planning to participate.

Rep. Bedke spoke in favor of **H 414** original motion to send to the floor with a Do Pass recommendation.. He said this bill was created for a revolving loan fund, but it has been used for grants. This money is not General Fund money, so this is a non-tax way for revolving loans. However, when the banks or loan officers see that Idaho does not have a rail plan, they refuse to give loans. He believes that counties, like Clark County, are going to need Idaho's rail plan in order to get the loan. Rep. Bedke said that revolving loans are coming back and Idaho can put some of the money into these loans, but first we need a new railroad plan.

**VOTE ON
SUBSTITUTE
MOTION:**

Chairman Palmer called for a vote on the substitute motion. **Substitute motion failed by voice vote.**

**VOTE ON
ORIGINAL
MOTION:**

Chairman Palmer called for a vote on original motion to send **H 414** to the floor with a **DO PASS** recommendation.. **Motion carried by voice vote.** **Rep. Wood** requested that she be recorded as voting **NAY**. **Rep. Bedke** will sponsor the bill on the floor.

SCR 130:

Mike Brassey, representing Union Pacific Railroad, presented **SCR 130**. Mr. Brassey said the purpose of this Concurrent Resolution is to recognize the achievements and service of Union Pacific Railroad on their 150th Anniversary.

Rep. Nonini remembered the Union Pacific Railroad in his days in Wallace, Idaho where he and his friends would jump on the train. **Rep. Bateman** spoke in favor of this recognition of Union Pacific Railroad as he remembered swinging a hammer to hit spikes into the ties back in 1959. He said it was called being a Gandy Dancer. He noted that President Lincoln set up the Rail Act in 1862 which helped unite this country.

MOTION:

Rep. Nonini made a motion to send **SCR 130** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Bateman** will sponsor the bill on the floor.

ADJOURN:

There being no further business before the committee, the meeting was adjourned at 3:05 P.M.

Representative Palmer
Chair

Jane Clark
Secretary