

MINUTES
SENATE TRANSPORTATION COMMITTEE

DATE: Tuesday, March 17, 2015

TIME: 1:30 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Brackett, Vice Chairman Nonini, Senators Keough, Winder, Hagedorn, Vick, Buckner-Webb and Lacey

ABSENT/ EXCUSED: Senator Den Hartog

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Brackett** called the meeting of the Senate Transportation Committee (Committee) to order at 1:32 p.m. and welcomed everyone to the Committee.

MINUTES APPROVAL: **Senator Lacey** moved to approve the Minutes of February 19, 2015. **Senator Buckner-Webb** seconded the motion. The motion passed by **voice vote**.

H 132: **Chairman Brackett** said the Committee would continue the hearing of **H 132** from the previous meeting. He apologized to Suzanne Budge, representing the Idaho Petroleum Marketers and Convenience Store Association (IPM&CSA), for having to interrupt her testimony. **Chairman Brackett** said the Committee would hear the remainder of Ms. Budge's testimony and closing remarks from Representative Kauffman. With that, **Chairman Brackett** invited Ms. Budge to the podium to continue her testimony.

TESTIMONY: **Ms. Budge** thanked the Committee for allowing her to wrap-up her testimony. She planned to review the issues raised and lay out what she considered a clear policy choice for the Committee.

Ms. Budge began by talking about the history of the decal program. In 1983, consumers were taxed at a per gallon rate. In 1991, the propane association came before the Legislature and asked them to implement a decal program for ease of administration for both the State Tax Commission and the propane association. That was a time when rural areas had lots of propane tanks and if they were to convert, the decal was proof they had paid their taxes for licensing their vehicles. At that time, decals ranged in price from \$50 to \$175 and that amount changed when the gas tax was changed. The decal program was intended to be a user fee, not a business incentive program for alternative fuels, in fact there weren't alternative fuels in 1991. Eighty percent of the 300 plus decals purchased or renewed annually are for vehicles larger than 26,000 pounds. The decal program has been misunderstood.

Federal tax rates are consistent and established at 24 cents per gallon for pure diesel. The Liquid Natural Gas (LNG) industry has agreed on conversion factors that have been accepted as the national standards. Adopting those standards has already been agreed to. According to the National Conference on State Legislatures, 28 states tax gaseous fuels. **Ms. Budge** acknowledge that the companies that have looked at the decal program as a business incentive program had invested heavily, however, by changing to gaseous fuels they have also enjoyed federal tax incentives for 20 years, in some cases. This is a fairness issue to those who are pay fuel taxes.

Ms. Budge continued by saying the policy is simple. If the Committee believes the decal program is a business incentive program, the Committee's vote should reflect it; the same if the Committee sees there is a fairness issue. She asked the Committee not to amend **H 132** by phasing in the change and urged them to get to 100 percent parity with the fuel tax so that an advantage is not locked-in. **Ms. Budge** concluded by stating this bill corrects an inequity. She asked the Committee to send it to the floor with a do pass recommendation. **Ms. Budge** stood for questions, but there were none.

Chairman Brackett thanked Ms. Budge and invited Representative Kauffman to the podium to give his closing remarks.

Representative Kauffman said that two things struck him as he listened to the testimony at the previous hearing: (1) he applauds those businesses in Idaho that have converted their vehicles to a cleaner U.S. fuel whose price is declining; and (2) **H 132** is about fairness; a \$280 decal vs. the number of miles added to Idaho's roads annually is not fair. The decal program was started 25 years ago and today most of the vehicles with decals weigh over 26,000 pounds. **Representative Kauffman** also asked for a do pass recommendation before standing for questions.

Senator Buckner-Webb asked if there was a possibility of phasing in the change for those businesses that spent large investments on converting their vehicles. **Representative Kauffman** said that anything is possible, but that is not what he was requesting for **H 132**.

MOTION:

Senator Winder moved to send **H 132** to the floor with a **do pass** recommendation. **Senator Hagedorn** seconded the motion. **Chairman Brackett** asked if there was any discussion on the motion.

Senator Winder said that he had agonized over this because industry has made a good case. There are two goals this Session of the Legislature: (1) funding for transportation; and (2) funding for education. **H 132** is a small piece, and it is impactful on the 300 plus decal holders. However, it is a needed policy piece.

Senator Vick agreed with Senator Winder, but he was concerned about the message being sent given this is such a dramatic increase in the tax these businesses pay. He wants everyone to be taxed the same and agrees the money is needed for Idaho's roads, but he thinks phasing in the change is important. He does not like such a dramatic change in policy without prior notice.

SUBSTITUTE MOTION:

Senator Vick moved to send **H 132** to the 14th Order for amendment. **Senator Keough** seconded the motion. **Chairman Brackett** asked if there was discussion on the substitute motion.

Senator Vick said it is his intent to request a four year phase-in period. At the end of those four years there would be parity with the taxes paid by diesel driven vehicles, and the same adjustments would apply.

Senator Winder reminded the Committee that they do not amend bills, the Committee of the Whole does. He does not support a four year phase-in, and it is unfair to other trucking industry members in Idaho. He said an amendment would be coming too late in the game.

ROLL CALL VOTE:

With no further discussion, **Chairman Brackett** called for a vote on the substitute motion. **Vice Chairman Nonini** asked that it be a roll call vote.

Chairman Brackett and **Senators Keough** and **Vick** voted Aye; **Vice Chairman Nonini** and **Senators Winder, Hagedorn, Buckner-Webb** and **Lacey** voted Nay. The motion failed.

Chairman Brackett called for a vote on the original motion.

MOTION VOTE: The motion passed by **voice vote**. **Senator Winder** offered to carry the bill on the floor.

H 129: **Chairman Brackett** invited Representative Gestrin to the podium to present **H 129**.

Representative Gestrin handed out an article from The Star News that addresses what **H 129** was created to resolve. Idaho Code forbids ATVs, UTVs, dirt bikes and other off-road vehicles from using state highways. This is a problem in communities where state highways are part of the main thoroughfares for travel. **Representative Gestrin** said that in his hometown of Donnelly many can't go down the main street or to the post office without getting out of their off-road vehicle because State Highway 55 is the main street. That is the case in rural communities all over the State. In some communities, law enforcement tickets violators and in other communities they don't. **Representative Gestrin** said he worked with the Idaho Transportation Department (ITD), and they don't oppose this bill; it is their language. The change is in lines 23 to 28 that reads that within city limits these types of vehicles are permitted. **Representative Gestrin** stood for questions.

Senator Hagedorn commented that he had been involved in ATV legislation since 2006 when he sold these vehicles. In 2008 some of the confusing language was changed. ITD had been concerned with these vehicles crossing state highways, so it was negotiated that communities could post a crossing sign. This created confusion with law enforcement on how to enforce the law. **H 129** clarifies that part of the Idaho Code. It especially is beneficial to smaller communities.

MOTION: **Senator Hagedorn** moved to send **H 129** to the floor with a **do pass** recommendation. **Senator Keough** seconded the motion.

Chairman Brackett said he could see it being useful in Cascade or in Pine, Idaho, but it would be a problem in larger cities like Boise. He asked if local jurisdictions could pass ordinances to adjust the law to fit their communities. **Representative Gestrin** said they could hold a hearing in their local jurisdiction and determine how they would enforce it. It is a local jurisdiction's right to hold public hearings to place restrictions on implementing laws. As an example, he said that sheriffs, although unsuccessful, have been using public hearings to try to get highway crossings in some jurisdictions.

Senator Hagedorn said that Boise had already passed an ordinance restricting ATVs on city streets. UTVs are okay.

VOTE ON MOTION: The motion passed by **voice vote**. **Senator Hagedorn** offered to carry the bill on the floor.

ADJOURNED: With no further business before the Committee, **Chairman Brackett** adjourned the meeting at 2:02 p.m.

Senator Brackett
Chair

Gaye Bennett
Secretary