

MINUTES
HOUSE TRANSPORTATION & DEFENSE COMMITTEE

DATE: Tuesday, February 02, 2016

TIME: 1:30 P.M.

PLACE: Room EW40

MEMBERS: Chairman Palmer, Vice Chairman Shepherd, Representatives Wills, Bateman, Gestrin, Hixon, Kauffman, Packer, Youngblood, McDonald, Dixon, Harris, Holtzclaw, Monks, King, Rudolph, Wintrow

**ABSENT/
EXCUSED:** None

GUESTS: Bill Jones, Idaho ATV Association, Mike Chakaron, Idaho State Tax Commission, Don Williams, Idaho State Tax Commission, Greg Casey, Veritas Advisors, Jennifer Okerlund, IDPR, Sandra Mitchell, IDPR, Jay Shano, OAR, Amy Smith, ITD, and Matthew Reiber, Intern

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

RS 24258C1: **Rep. Sims** presented **RS 24258C1**. The purpose of this proposed legislation is to shift the distribution of Off-Highway Vehicle (OHV) registration fees collected by the state to the counties, per Idaho Code 67-2127. The OHV owners are requesting to have 85% of the funds given to individual counties of their choice and 15% to go to the state for administration fees. She reviewed the benefits of these funds throughout the community. She went on to say this proposed legislation is similar to the boat stickers and snowmobile stickers regulations. This proposed legislation will mandate off-highway vehicle owners to register every year in the month of December. She discussed the benefits of this proposed legislation. In addition, she emphasized a local county off-highway vehicle program, due to limited funds for trail maintenance. This proposed legislation will impact 149,000 stickers being sold.

MOTION: **Rep. Hixon** made a motion to introduce **RS 24258C1**. **Motion carried by voice vote.**

H 385: **Rep. Chaney** presented **H 385** to the committee. The purpose of this bill is to omit the five year limit requirement to surviving spouses. This bill will allow surviving spouses to honor their deceased spouse by displaying a disabled veterans license plate. After the surviving spouse has meet the qualifications, the surviving spouse can continue to display the disabled veterans plate in honor of their deceased spouse. However, if the surviving spouse remarries then, this bill is non-applicable.

MOTION: **Rep. Wills** made a motion to send **H 385** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Chaney** will sponsor the bill on the floor.

H 343: **Chairman Palmer** informed the committee that this bill will not be heard today.

Ken Roberts, State Tax Commissioner, thanked the committee members and introduced the individuals that contributed to the report, [Enhanced Enforcement of Fuel Tax Law](#). This report was jointly issued by the Idaho State Tax Commission, Idaho State Police, and the Idaho Transportation Department.

Mr. Roberts said according to **H 312**, the Idaho State Police and the State Tax Commission are to provide recommendations to both the Senate Transportation Committee and House Transportation Committee required by the enforcement of prohibiting dyed fuel and other untaxed fuel use on Idaho roads and highways.

Mr. Roberts stated the purpose of motor fuel tax is for construction, repair, and maintenance. He went on to explain the distribution of the number of gallons of diesel. He said there are three categories; 223 million gallons of dyed diesel, 275 million gallons of undyed diesel sold or the taxed diesel and approximately, 669 million gallons of gasoline that was sold in Idaho. Since 1993, the IRS and EPA has had a requirement to have marked red dye fees, which signifies a tax exemption from fuel taxes; however, sales tax may apply. He discussed uses and illegal uses of dyed diesel.

Mr. Roberts spoke about the current tax rates in Idaho. The tax payer losses \$3,200 in taxes on a tanker load which is 10,000 gallons. He went on to mention that Montana has a dyed diesel enforcement program in place which showed 16% of its revenue were lost. For FY15, Idaho is losing a similar amount of \$11.4 million.

Mr. Roberts went on to say that surveys were performed to find out if other jurisdictions had enforcement programs and roadside enforcements established in their area. The survey concluded that there were 29 jurisdictions surveyed; 25 jurisdictions had implemented a dyed diesel enforcement program and 24 had implemented a roadside enforcement process. He also said that Montana had 469 violations and Washington had 635 violations during the 2009 to 2014 period. He discussed the ways to deter illegal uses of the dyed diesel.

Mr. Roberts spoke regarding the current Idaho enforcement activities. He provided the committee members with options to consider of how to move forward on this issue. He gave an example of a personal violation. He summarized their recommendations for the state of Idaho.

In answer to committee questions regarding accessing pumps after hours, penalties for operating with dyed fuel on the road and violations. **Mr. Roberts** said that stores make a decision of when to keep their store open to sell dyed diesel; however, the Department of Agriculture does inspect the pumps at each store. He also explained the penalties for illegal uses for both state and federal. **Don Williams** provided additional details pertaining to the sample numbers for violations.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 2:55 p.m.

Representative Palmer
Chair

Vicky Davies
Secretary