

MINUTES
Approved by the Committee
Commercial Vehicle Annual Registration Fee Committee
Tuesday, August 29, 2017
9:00 A.M.
EW41
Boise, Idaho

Co-chair Senator Bert Brackett called the meeting to order at 9:04 a.m.; a silent roll call was taken. Members present: Senators Chuck Winder, Kelly Anthon, Carl Crabtree; Co-chair Representative Joe Palmer, Jason Monks, Clark Kauffman, Gayann DeMordaunt, and Sally Toone; Legislative Services Office staff Elizabeth Bowen, Christine Otto, and Jennifer Kish. Senator Mark Nye joined the meeting by telephone.

Other attendees: Eric Milstead - LSO; Jerri Hunter, Bob Thompson, Ramon Hobdey-Sanchez, Matt Moore - Idaho Transportation Dept. (ITD); Kevin Pula - National Conference of State Legislatures (NCSL); Matthew Conde, Mike Kane - AAA; Nick Veldhouse; Savannah Renslow - Idaho Assoc. of Highway Districts (IAHD); Jerry Deckard - Capitol West; Jason Kreizenbeck - Lobby Idaho; John Watts - Veritas Advisors; Russ Hendricks, Dennis Tanikuni - Idaho Farm Bureau; Ben Davenport - Idaho Mining Assoc. (IMA).

NOTE: presentations and handouts provided by the presenters/speakers are posted to the Idaho Legislature website: <https://legislature.idaho.gov/sessioninfo/2017/interim/>; and copies of those items are on file at the Legislative Services Office located in the State Capitol.

Co-chair Brackett commented that Senator Anthon was expected to join the meeting but would be delayed, and that Senator Nye was participating by phone.

Co-chair Brackett called upon Eric Milstead, Director of the Legislative Services Office, for his presentation on the 2017 authorizing and appropriating documents for the committee: [SCR 116](#) and [SB 1205](#).

- Rep. Palmer asked whether it was permissible for a portion of the appropriation to be allocated to ITD to cover expenses incurred for additional work the department may provide in working with the committee? Mr. Milstead was not sure whether the appropriations could be used in that manner; traditionally, agencies assumed the additional work/duties in working with a committee as part of normal operations.

At 9:14 a.m., Co-chair Brackett called Ms. Jerri Hunter, Commercial Programs Supervisor for ITD, to the podium for the initial part of the [department's presentation](#) on Idaho's current registration fee schedule and other background information.

- Sen. Winder asked whether the mileage reported was verified in some manner for those assessed the flat fee rate. Ms. Hunter reported that the Idaho tax commission performed audits on approximately 5% of the carrier base. Sen. Winder then inquired how accurate the audits were to the self-reported data. Ms. Hunter commented that her department did not have that data, but that the tax commission would probably be able to provide that information.
- Co-chair Brackett queried how many vehicles fell into each category, especially those at the 80,000 pound threshold traveling in excess of 50,000 miles. Ms. Hunter explained that she did not have that data, but that Mr. Thompson may have it in the later portion of the presentation.
- Rep. Kauffman asked how many refund applications for IRP assessments at the highest fee were received by the department. Ms. Hunter noted that she did not have such data on hand but that it could be retrieved and relayed to the committee.
- Rep. Toone, in regards to feedback from carriers that the tiers were too broad, asked how many more tiers were being requested. Ms. Hunter explained that most often the feedback was

from carriers who just barely fell into the next higher tier; generally the request was for an additional three tiers.

At 9:36 a.m., Mr. Bob Thompson, Economist for Financial Planning Analysis at ITD, continued with the remainder of the presentation.

- Sen. Crabtree asked whether there existed a chart to compare revenue collection to the number of carrier registrations. Mr. Thompson reported that he could supply such data but only for the current system, not for the previous system.
- Rep. Monks inquired what other types of revenue, such as the non-commercial side of the process, contributed to the FY Commercial Vehicle Registration and Motor Fuel Tax Revenue pie-chart (slide #26). Mr. Thompson noted that the example only considered commercial vehicle revenue.
- Rep. Kauffman noted that slide #27, in the members' handout, listed both sides of the pie as "Commercial Registration." Mr. Thompson explained that the slide had been corrected post-submission to correctly identify that Commercial Registration was 39% and that Special Fuels should be labeled on the 61% side.

At 9:46, Co-chair Brackett called Kevin Pula, Policy Specialist for the National Conference of State Legislatures, for his presentation [Commercial Vehicle Annual Registration Fee Committee](#).

- Rep. Monks asked, regarding slide #9 information by the American Trucking Association, when the data was compiled for that graphic. Mr. Pula reported that the data was compiled in 2015 for the 2017 report. Rep. Monks then inquired whether Idaho's recent tax addition information would have been included in the data. Mr. Pula responded that the table was received last month but could not verify if it included the newest tax addition.
- Rep. Kauffman asked whether Kentucky's commercial vehicle operators had responded in favor or not in favor of the switch to the charge-per-mile system. Mr. Pula replied that the only feedback he could find was in regard to the larger administrative load that had been created in the reporting requirements. He added that Oregon provided an online reporting system, which was well-liked by commercial operators. Rep. Crabtree commented that, as an owner/operator, the separate systems were very frustrating because operators had to do twice as much work and had to learn two systems.
- Rep. Kauffman inquired about the indexing criteria for fuel taxes. Mr. Pula explained that Utah had tied the tax increase to the price of a gallon of gas, which had remained neutral; others indexed the increase to the vehicle registration fee, especially on electric and hybrid motor vehicles; Oregon indexed the registration fee to the average mile-per-gallon per passenger vehicles. He noted that states used a variety of methods to index the gasoline tax: consumer price index, inflation, size of population, spending decisions by the legislature, and also the CAFE (Corporate Average Fuel Economy) Standards.
- Sen. Nye inquired whether there existed a report on the average monetary damage to the roads caused by an 80,000 pound vehicle. Mr. Pula responded that there did exist such a report on the weight impact of vehicles but he did not have that data. Mr. Pula confessed that he could not recall whether the report had a dollar amount associated or whether it was more of an engineering aspect. He also noted that such information would be variable by state, road building material, additional weather impact, and population/frequency of traffic.
- Sen. Winder asked whether there existed any studies/reports regarding vehicle "fair share" impact to the roadways. Mr. Pula reported that there was no such study/report from NCSL but he felt there should exist such a report from other sources.
- Sen. Winder inquired, regarding the unfairness of Idaho's previous registration system toward interstate commercial vehicles, whether any studies showed that the out-of-state commercial vehicles were not covering their fair share of roadway damages with the current registration

system. Mr. Pula did not know of any studies, though he knew that Kentucky was actually considering returning to a registration system based on Idaho's court case. Mr. Pula cited his knowledge of Indiana's system, being that the state is known as the "Crossroads of America" and a "pass-thru" state. He noted that many commercial vehicles could pass through Indiana and never have to purchase gas - thereby bypassing any contribution to roadway repair in that manner (much as could occur in northern Idaho.) As an alternative, Indiana encouraged commercial vehicle operations to establish home-base operations within the state by offering other incentives to capitalize on the registration system.

- Rep. DeMordaunt queried whether any reports showed which states used what type of the 54 funding sources (slide #8.) Mr. Pula reported that the American Association of State Highway and Transportation Officials (ASHTO) report (slide 7: *Transportation Governance and Finance* from November 2016) would have such information.

At 10:25 a.m., Co-chair Brackett recessed the committee for a break.

At 10:50 a.m., the committee was called backed into order.

Mr. Bob Thompson returned to the podium to present information for earlier inquiries from committee members:

He reported that the Idaho State Tax Commission annually performed approximately 125 IRP [International Registration Plan] audits and 125 full-fee audits. Of the 125 IRP audits there were very few discrepancies - less than 5% - which the Tax Commission attributed to the nature of the operators being professional truckers who were familiar with the forms and the system. Of the 125 full-fee audits there were considerably more discrepancies - only 5% came in **without** errors - which the Tax Commission attributed to the fact that these operators were not professionals and were not as familiar with the forms. This group was observed to overestimate as much as underestimate the mileage.

- Sen. Winder asked whether the Tax Commission could identify when the discrepancies were intentional or not. Mr. Thompson explained that the Tax Commission did not report such findings and noted that the process assisted operators to learn and correct the mistakes for future filings.
- Sen. Winder asked whether the Tax Commission was able to determine how much the operator was over or under in reporting the mileage. Mr. Thompson explained that the actual mileage was audited with the odometer and amounts of fuel purchased and then compared to the submitted mileage. Sen. Winder inquired whether a report existed detailing how inaccurate the readings were. Mr. Thompson reported that he would consult with the Tax Commission to learn if such a report did exist. Sen. Winder requested that, if such information existed, it be shared with himself and the other committee members.

Mr. Thompson quickly reviewed a new handout that showed a [2014 report of the revenue collected for Full-fee, IRP, and Foreign IRP vehicles](#) as organized by weight group and that identified the number of vehicles registered per category.

At 11:00 a.m., Co-chair Brackett invited committee members to engage in discussion about the preceding presentations and other topics for the future direction of the committee:

- Sen. Winder commented that the reason the previous registration system was ruled unconstitutional was that there were two-tiers: one for in-state operators and one for out-of-state operators. He noted that there was not a problem with having a weight-distance tax itself. Sen. Winder wondered whether the current system was fair to both types of operators in operating their vehicles and whether revenue from the current system covered necessary maintenance and repairs.

- Co-chair Brackett wondered whether there was a need for an outside consultant to assist the committee and ITD to study the issue. Such a prospect would allow an unbiased study but there would need to be a specific focus for the consultant.
- Rep. Moon, recognizing that Idaho was an extremely agricultural economy, commented that the committee should honestly consider the fairness of the exemption allowed for agricultural vehicles in the registration process.
- Rep. DeMordaunt expressed a desire to look at the larger picture of the issue and consider what role non-commercial vehicles fulfilled in comparison to the commercial vehicles. She also expressed an interest in learning more about the weight-impact studies that Mr. Pula mentioned.
- Rep. Kauffman stated that he would like to consider whether the current system was fair to all roadway users, including the topic of dyed-diesel enforcement. He reminded the committee that, ultimately, the cost for any system finds its way to the consumers and that caution needed to be heeded because the operators would pass expenses onto Idaho citizens. He also expressed a desire to re-examine the fairness of the agricultural exemptions. And finally, Rep. Kauffman requested an opportunity for testimony from the operators and a review of permits allowed for vehicles in excess of 80,000 and 129,000 pounds operating on approved/unapproved routes.
- Rep. Monks requested that the committee review the responsibilities stated in SCR 116 and to remain within its scope. He noted that damages to the roadway by either commercial or non-commercial vehicles should be put in perspective to fairly address the charge of the resolution. He echoed Rep. Kauffman's comments about expenses being passed on to consumers.
- Co-chair Palmer voiced his opinion that there was no need for an outside consultant at the moment. He also desired to hear feedback from operators, and cautioned the committee not to make a more complex system in trying to find a solution.
- Sen. Anthon stressed that Idaho is a very agricultural economy and needs to consider the effects upon those operators when making changes to the current system. He commented that weight was not always the culprit because weight can be distributed in a variety of ways.
- Sen. Crabtree vocalized that he could not be in favor of any revenue enhancement from the system with reports showing Idaho fourth in the nation for fees collected.
- Sen. Winder asked whether ITD could explain whether the recent gas tax increase had made any progress in the projected shortfall for roadway projects at the state and local levels. Mr. Thompson explained that reports did take into consideration the impact of HB312, which authorized the gas tax increase. Earlier projections from the governor's task force (2011) were \$262 million to maintain and \$543 million for any expansion projects for both local and state level projects; ITD's current projection of \$100 million takes into consideration legislation since 2010, which affects the \$543 million expansion project tally.
- Rep. Toone requested that members of the committee receive a copy of the [governor's task force report](#).

Co-chair Brackett asked members to provide items for the next meeting's agenda:

- Sen. Winder requested that a staff member from the Attorney General's office be invited to discuss previous litigation regarding the prior system, as well as to provide any updates and/or guidance to the committee in its endeavors.
- Co-chair Brackett asked for opinions on the idea of hiring a consultant. Rep. Kauffman commented that it was too early in the process to consider the topic since the committee was still gathering information.
- Ms. Elizabeth Bowen, LSO staff member, asked whether committee members would like a presentation on the commercial vehicles funding in context of the overall transportation funding system. Co-chair Brackett felt that would be an appropriate agenda topic.

- Co-chair Brackett requested Ms. Bowen to also advertise and send invites to interested stakeholders on the opportunity to testify at the next meeting. Ms. Bowen explained that she would send emails to both stakeholders and media contacts and would post the invitation to the legislative website.
- Co-chair Brackett requested LSO staff to query committee members by email to establish a date for the next meeting, considering the end of September or the beginning of October.

At 11:37 a.m., Lieutenant Governor Brad Little provided his comments in support of the committee's efforts to find an equitable solution on the issue. He cautioned the committee on the hope that federal funding would assist in the process, but also warned that no action was not an acceptable strategy. The Lt. Governor emphasized the need for consideration of how much freight is moved around the state, and how often that issue is a key item for a company deciding to locate within the state.

At 11:45 a.m., the meeting was adjourned by Co-chair Brackett.