

MINUTES
Approved by the Committee
Commercial Vehicle Annual Registration Fee Committee
Wednesday, October 04, 2017
9:00 A.M.
Room EW41
Boise, Idaho

Co-chair Senator Bert Brackett called the meeting to order at 9:02 a.m. and handed the gavel to Co-chair Representative Joe Palmer; a silent roll call was taken. Members present: Senators Winder, Anthon, Crabtree, and Nye; Representatives Monks, Kauffman, and Toone; Legislative Services Office staff Elizabeth Bowen, Christine Otto, and Jennifer Kish. Absent and excused: Representative Gayann DeMordaunt.

Other attendees: Mike Gilmore - Office of the Attorney General; Don Williams - Idaho State Tax Commission; Mollie McCarty, Bob Thompson, Jerri Hunter - Idaho Transportation Department (ITD); Dennis Tanikuni, LaNae Nalder - Idaho Farm Bureau Federation (IFBF); Matthew Conde, Mike Kane - AAA; Jerry Deckard - Associated Logging Contractors; Gary Halverson - Glanbia Foods; Meghan Mallea - Simplot, Idaho Trucking Association (ITA); Jason Kreizenbeck - Lobby Idaho for ITA; Savannah Renslow - Idaho Association of Highway Districts (IAHD); Wally Burchak - Kbc Transport LLC; Kyle Wangemann; Jamie Kress - Idaho Grain Producers Association (IGPA).

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 Palmer asked for approval of the minutes for the August 29, 2017, meeting. **Rep. Kauffman made a motion to approve the minutes as presented; Sen. Winder seconded the motion; the minutes were approved by a majority voice vote.**

Co-chair Palmer invited Ms. Christine Otto, LSO Budget and Policy Analyst, to the podium for her overview on [Transportation Revenue](#).

- Rep. Monks asked whether the figures calculated for diesel and gaseous fuels included diesel fuel for passenger vehicles also. Ms. Otto explained that the figure may include diesel trucks used as passenger vehicles but the majority of the vehicles were operated as commercial vehicles.

At 9:14 a.m., Mr. Michael Gilmore, Deputy Attorney General for the Idaho Attorney General's Office, presented his comments on the case history of the [American Trucking Association suit against the State of Idaho](#). He noted that the decision on the tier system being unconstitutional was not appealed as the State decided to amend the statute and settle with the plaintiffs.

- Sen. Winder noted that the court's decision did not rule on the subject of the weight-distance fee issue but rather on the fact that there existed separate fees for interstate and intrastate commercial vehicles. Mr. Gilmore agreed.

At 9:18 a.m., Co-chair Palmer called upon Mr. Don Williams, Tax Policy Specialist for the Idaho State Tax Commission, for his [presentation on auditing](#) of the current commercial vehicle registration system.

- Rep. Kauffman asked whether the procedure of charging an operator with inadequate records a higher tier fee was a policy or administrative rule. Mr. Williams reported it was a policy of the Commission - no statute or administrative rule existed that directed the Commission to act. Rep. Kauffman inquired how the Commission knew what tier fee to charge? Mr. Williams explained that the decision was based on the initially reported tier submitted by the operator, for full-fee registrants.

At 9:24 a.m., Co-chair Palmer began the stakeholder testimony portion of the agenda, calling upon the registered/scheduled individuals:

- Jerry Deckard with CapitolWest Public Policy Group spoke on behalf of the Associated Logging Contractors (loggers and log truckers) of Idaho. He felt the fairest model was a pay-per-mile system, even if tiers were created for the per-mile fee due to weight. Mr. Deckard recognized that a solution may not be in effect this year and recommended that the committee consider a consultant to advise them on other possible methods.
- Matthew Conde and Mike Kane with AAA of Oregon/Idaho gave comments along with a [presentation \(p. 1-23\)](#).
- Wally Burchak, Vice President and part-owner of Kbc Transport LLC, commented on his experience running vehicles in Idaho and Oregon. He noted that, while the Oregon system was more expensive to him as an operator, it was more appealing since the fees were non-variable and easy for him to accommodate in his annual operations. Mr. Burchak spoke in favor of an electronic logging device (ELD) monitoring system such as used by Oregon; he felt the system was reliable and unbiased. Mr. Burchak commented that he had never been audited by Idaho in the 12 years of his company's operation. Mr. Burchak also cautioned that gas suppliers may need to be audited since he had an experience where taxes were not being collected and paid to the state.
 - Co-chair Brackett commented that, while most would not be in favor of more auditing, maybe more auditing needed to be considered to ensure that states are receiving their fair-share of the fees.
 - Sen. Crabtree asked whether the use of ELDs would reduce the need for auditing operators' records. Mr. Burchak commented that using ELDs should reduce the need for auditing and should reduce the delay in reporting information, but proposed that the ELDs themselves would need to be checked for accuracy.
- Kyle Wangemann, wheat and barley producer, President of Caribou County Grain Growers, and board member of the Idaho Grain Producers Association, presented his comments ([p. 24-26](#)).
- Jamie Kress, wheat farmer and executive board member of the Idaho Grain Producers Association, expressed her position on the topic ([p. 27-28](#)).
 - Rep. Kauffman asked, in regard to the request that 105,000 pound legal routes be redesignated to 129,000 pound routes, whether those were local road jurisdictions. Ms. Kress explained that her difficulty was in getting to the interstate as her trucks would be in violation when transporting from her farm using the state highway.
- LaNae Nalder, member of the Idaho Farm Bureau, works as a self-employed office manager for trucking companies - mostly agricultural businesses. She performs the duties of record keeping, registering vehicles, and filing the paperwork necessary for the commercial vehicle companies with which she is contracted. Ms. Nalder encouraged the committee to ensure the system is simple enough for the user to understand.
- Dennis Tanikuni, Assistant Director of Governmental Affairs for the Idaho Farm Bureau Federation, commented that the Bureau did not have much communication from its members - positive or negative - about the current registration process. He requested that the Bureau be a participating member in the discussion of any changes.
- Meghan Mallea, Regional Trucking Manager for Simplot Trucking and board member of the Idaho Trucking Association, read her remarks prepared for the committee ([p. 29-31](#)).
- Jason Kreizenbeck, of Lobby Idaho, read a letter submitted by Julie Pipal, President and CEO of the Idaho Trucking Association ([p. 32-34](#)).

- Gary Halverson, Transportation Manager for Glandia Foods, shared his comments with the committee. He echoed others testimony that the system be fair and equitable to the operators and, yet, remain simplified. Mr. Halverson admitted that any additional costs incurred by vehicle operators, in the end, is passed on to the consumers and wholesalers. He noted that the heavier trucks do pay a fair share with the gas tax since the trucks run loaded one way but return empty.
- *Bryan Searle, President of Idaho Farm Bureau Federation, submitted written comments to committee members [\(p.35\)](#).
- *Sidney Erwin, (no affiliation), submitted written comments to committee members [\(p. 36\)](#).

At 10:25 a.m., the committee took a scheduled break, and reconvened at 10:50 a.m.

Co-chair Palmer requested that Ms. Bowen re-summarize the committee's objective and options in going forward. Ms. Bowen reminded the committee that \$100,000 was appropriated for the purpose of hiring a consultant, if needed. She noted that the Speaker of the House and the President Pro Tempore would enter into a contract on behalf and at the request of the committee. She explained that there were two methods the committee could consider in the search for a consultant: a RFI (Request for Information) - which is more informal and the consultant brings information to the committee about what the consultant can provide - or a RFP (Request for Proposal) - which is more formal and where the committee would need to identify what items the consultant should focus on.

- Sen. Winder asked whether the members had identified items that would warrant a consultant rather than having current staff look at the items. Ms. Bowen proffered that conversations with staff at ITD concluded that the department was capable of producing the work technically, but could not estimate the work load on the staff in addition to their other duties; also, an independent consultant could provide independent recommendations. Co-chair Palmer echoed the sentiment that a consultant may bring alternative solutions to the issue since it would be within their expertise.
- Sen. Crabtree commented that the concept of adopting a flat mileage fee and a flat registration fee seemed to be supported in the testimony by the stakeholders. He felt that such a concept could be put into a model by agency staff rather than spending valuable time and unnecessary funds on an independent consultant to do the same.
- Sen. Nye asked whether there was a time constraint on the committee to be done with its work by the year's end, and wondered whether that would hinder the possibility of actually hiring a consultant (i.e. time to advertise, interview, hire, and receive a report in a timely manner). Ms. Bowen noted that, since the legislature was in its second session of the 64th Legislature, there was no deadline for the committee to be concluded by November 30 of this year. She surmised that the solicitation process would take approximately three weeks, and commented that submissions of information and/or terms of completion could be written into the solicitation and contract offer.
- Sen. Anthon queried whether a draft existed for either solicitation. Ms. Bowen stated that one did not exist but that she had spoken with staff in the Office of the Attorney General who were willing to assist in drafting either a RFP or RFI, and also were willing to help negotiate any contract for such on behalf of the committee. Sen. Anthon commented that he felt the committee was struggling with the concept of needing a consultant when it couldn't identify the scope of what the consultant would focus on.
- Sen. Nye asked whether the committee's final recommendation had to be to the Legislature before session began. Co-chair Palmer responded that a recommendation could be submitted during session, if not before the start.

Co-chair Brackett requested that individuals who gave earlier testimony on the concept of a standard base fee (covering registration and administration fees) plus a standard fee-per-mile return to the podium to provide more information.

- Jamie Kress, representing her own farm and the Idaho Grain Producers Association, stated that the IGPA did not have data available to theorize at what amount the base fee or mileage fee should be established. She proposed that such an item could be part of the requested information from a consultant's study. She proffered that a base fee should be charged to any commercial vehicle - irrelevant of weight, purpose, or frequency of use - and then add a rate-per-mile traveled fee. Ms. Kress noted that the rate-per-mile fee could be a flat fee across all users, or it could be a more equitable rate within the current ITD tier system. She suggested that ITD may already have the data necessary to assist in establishing those fees based on the number of vehicles registered and the miles reported.
- Kyle Wangemann, representing himself, Caribou County Grain Growers, and Idaho Grain Producers Association, felt the proposal was a simple and appropriate solution. It would establish a base registration fee for any truck (long haul, short haul) and assign a fee/rate for every mile traveled with the vehicle, and then report what miles were traveled on Idaho roads. He alluded to his template ([public testimony p. 26](#)) of a new tier system which was comprised of seven tiers and provided fees for each category.
 - Rep. Monks inquired whether there would be a different fee for vehicles of different weights. Mr. Wangemann reported that there would be an additional fee for trucks over 80,000 pounds that also pay for an "overlength/oversize" vehicle fee, which he recommended be raised from its current fee of \$53.00 to that comparable of other states. He summarized that the proposal would establish a base registration fee and a uniform mileage rate fee for any vehicle. Rep. Monks commented that the committees' consideration of a weight-based fee was to fairly assess fees to those who cause more damage to the roadways due to the heavier loads.
 - Rep. Kauffman asked whether the fuel tax would still be in effect, in addition to the flat fee registration and the rate-per-mile assessment. Mr. Wangemann replied in the affirmative.
- Ms. Kress commented that there existed a formula for calculating the pound per square inch for a vehicle's load. In addition, the number of axles and the length of a load could be altered on differently weighted vehicles to lessen the pound per square inch for loads.
- Wally Burchak, representing Kbc Transport LLC, supported the simplicity of the proposed system, but suggested the committee make one addition to the nominal base fee and mileage tax: add a higher tax for every axle. He noted that Oregon operated with this concept.

Co-chair Brackett, surmising that the committee still had no consensus, **made a motion that the committee recommend an RFI be drafted for the purpose of soliciting a consultant to assist the committee; Sen. Winder seconded the motion; motion was approved by a voice vote with Sen. Crabtree requesting to be recorded as voting "Nay."**

Ms. Bowen inquired whether the committee wished to create a subcommittee or wanted to empower the co-chairs to draft the RFI solicitation and to consult with the Speaker and the Pro Tem, or would the committee like to have the opportunity to consider the item before it is posted. Sen. Winder suggested that the co-chairs participate on the drafting of the solicitation but that the whole committee should review it for a final approval.

The next meeting was scheduled for November 9, 2017, and the meeting was adjourned at 11:32 a.m.