Cost Responsibility Infrastructure Funding – The Oregon Model

Presented by AAA Idaho

October 4, 2017

SCR 116

WHEREAS, in 2015, House Bill No. 312, As Amended in the Senate, As Amended in the Senate, was enacted by the First Regular Session of the Sixty-third Idaho Legislature. Section 10 of the bill provided: "LEGISLATIVE INTENT. It is the intent of the Legislature that on or before January 1, 2019, there shall be imposed on all commercial vehicles, irrespective of body type, and on all farm vehicles having a maximum gross weight in excess of sixty thousand (60,000) pounds, an annual registration fee and in addition thereto, an operating fee by weight class based on the total miles the owner operated such vehicle on roads and highways in the state, county, city and highway district systems in Idaho during each quarter of the calendar year."

Other States Exploring Usage Fees

- "Washington state to test pay-by-the-mile as a way to fund highways"
  - *Seattle Times,* September 5, 2017

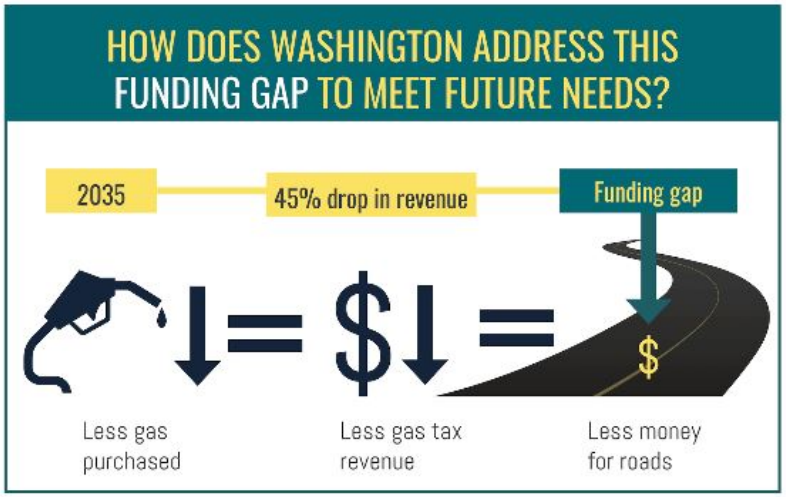
- "Utah wants to launch pilot project to tax motorists for miles traveled instead of at the pump"
  - *Salt Lake Tribune*, September 7, 2017

Washington's Rationale

WHY TEST A ROAD USAGE CHARGE?

Gas tax revenue will decline as vehicles become more fuel-efficient or use no gasoline. Because the gas tax is the main source of funding for our roads, bridges and the ferry system, we have to make a change if our transportation system is going to survive long-term.

After several years of study, the Steering Committee and the Washington State Transportation Commission have determined that a road usage charge is feasible and could produce the needed revenue to fund Washington State's long-term transportation needs. Now it's time to put it to the test!



Oregon's Funding System

- Although it was presented that Oregon has a higher cost per mile for weight-distance fees compared to the states below, it's important to note that Oregon does not charge a diesel tax
  - New Mexico: 21 cents/gallon
  - Kentucky: 21.6 cents/gallon
  - New York: 22.45 cents/gallon

- Idaho could, at its discretion, eliminate the diesel tax in lieu of another funding mechanism

What's happened since 2010?

U.S. Department of Transportation
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News

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U.S. Driving Increases for Sixth Straight Year, New Federal Data Show

New Federal Highway Data Show Drivers Topped 1.58 Trillion Miles in First Half of 2017

WASHINGTON – New data released today by the U.S. Department of Transportation's (USDOT) Federal Highway Administration (FHWA) show that U.S. driving topped 1.58 trillion miles in the first six months of 2017 – or more than 8,500 roundtrips from Earth to the Sun – continuing a streak of steadily increasing vehicle miles travelled (VMT) that began in 2011.

The new data, published in FHWA's latest "Traffic Volume Trends" report – a monthly estimate of U.S. road travel – show that more than 280.9 billion miles were driven in June 2017 alone, which is 3.4 billion miles more than the previous June. The increase in driving over the first half of the year highlights the growing demands challenging the nation's roads, and reaffirms the importance of improving the nation's infrastructure investments and streamlining the environmental and permitting processes.

The June 2017 report also includes seasonally-adjusted data, which is conducted by USDOT's Bureau of Transportation Statistics as a way to even out seasonal variation in travel and enable vehicle miles travelled (VMT) comparisons with any other month in any year. The seasonally-adjusted vehicle miles traveled for June 2017 were 266.6 billion miles. Seasonally adjusted June VMT increased by 1.0 percent compared to the previous June. The estimates include passenger vehicle, bus and truck travel.

In June, U.S. drivers increased total mileage among all five regions of the United States. At 2.2 percent, traffic in the West – a 13-state region stretching from California to Montana, and including Hawaii and Alaska – led the nation with largest percentage increase in unadjusted VMT.

Idaho's 2010 report

- Doesn't calculate increased VMT since 2011
  - Our region is one of the fastest-growing, most-affected
- Road wear could be happening at a faster rate than previously estimated
- Previous maintenance and new construction shortfall estimates might now be low

Cost Responsibility

- Each vehicle pays its share of the cost of constructing the road capacity which the vehicle uses, and its share of the maintenance costs necessitated by its use

- Usage-based models provide an equitable, “pay as you go” approach for infrastructure

An Incremental Approach

- Selected aspects of highway costs are divided into increments
- All vehicle classes share the cost for designs considered adequate for basic/light vehicles
- Each group of successively larger and heavier vehicles also shares in the incremental costs they occasion:
  - Taller overpasses
  - Straighter/longer interchange ramps
  - Higher load capacity bridges
  - Wider/stronger pavements

The Oregon Model

- Categorizes all vehicles, from light vehicles to heavy trucks, by weight and number of axles
- Proportionally allocates cost responsibility by category based on planned expenditures over next biennial
- Highway Cost Allocation Study completed every two years to maintain equity among the categories

The Oregon Model

- Introduced in 1947
- Replaces fuel tax with use tax for heavy vehicles
- Gas tax remains for light vehicles, although pilot OreGo project is evaluating use fees instead
- Assists legislature in maintaining equity:
  - 1992, 2004, 2010 – rates increased
  - 1996, 2000 – rates reduced

Oregon Mileage Tax Rates

TABLE "A" FOR ALL TYPES OF FUEL (OVER 26,000 LBS)

COLUMN A WEIGHT GROUP	COLUMN B MILLS (1/10 OF 1 CENT) PER MILE	**COLUMN C DOLLARS PER MILE* DECIMAL FRACTION**	COLUMN A WEIGHT GROUP	COLUMN B MILLS (1/10 OF 1 CENT) PER MILE	**COLUMN C DOLLARS PER MILE * DECIMAL FRACTION**
26,001 - 28,000	49.8	.0498	52,001 - 54,000	83.3	.0833
28,001 - 30,000	52.8	.0528	54,001 - 56,000	86.4	.0864
30,001 - 32,000	55.2	.0552	56,001 - 58,000	90.0	.0900
32,001 - 34,000	57.6	.0576	58,001 - 60,000	94.1	.0941
			60,001 - 62,000	99.0	.0990
34,001 - 36,000	59.9	.0599			
36,001 - 38,000	63.0	.0630	62,001 - 64,000	104.5	.1045
38,001 - 40,000	65.4	.0654	64,001 - 66,000	110.4	.1104
40,001 - 42,000	67.7	.0677	66,001 - 68,000	118.3	.1183
			68,001 - 70,000	126.6	.1266
42,001 - 44,000	70.2	.0702	70,001 - 72,000	135.0	.1350
44,001 - 46,000	72.6	.0726			
46,001 - 48,000	74.9	.0749	72,001 - 74,000	142.7	.1427
48,001 - 50,000	77.4	.0774	74,001 - 76,000	150.0	.1500
50,001 - 52,000	80.3	.0803	76,001 - 78,000	157.2	.1572
			78,001 - 80,000	163.8	.1638
			80,001 AND OVER	USE TABLE B	

*NOTE - Column C converts mills per mile to dollars per mile by moving the decimal point three places to the left. Multiply the decimal fraction by the Oregon Taxable Miles for the amount of tax due for each weight.

	COLUMN A	COLUMN B	COLUMN C	
EXAMPLES:	32,000	55.2	.0552	1000 Miles X .0552 = $ 55.20
				100 Miles X .0552 = 5.52
	80,000	163.8	.1638	1000 Miles X .1638 = $ 163.80
				100 Miles X .1638 = 16.38

SEE TABLE "B" RATES FOR VEHICLES OVER 80,000 POUNDS.

FORM 735-9928 (1-14)

Oregon Mileage Tax Rates

TABLE "B" AXLE - WEIGHT MILEAGE TAX RATES

COLUMN A	5 AXLES		6 AXLES		7 AXLES		8 AXLES		9 AXLES or more	
	COLUMN B	COLUMN C*	COLUMN B	COLUMN C*	COLUMN B	COLUMN C*	COLUMN B	COLUMN C*	COLUMN B	COLUMN C*
DECLARED COMBINED WEIGHT GROUPS (POUNDS)	MILLS	$ PER MILE DECIMAL FRACTION	MILLS	$ PER MILE DECIMAL FRACTION	MILLS	$ PER MILE DECIMAL FRACTION	MILLS	$ PER MILE DECIMAL FRACTION	MILLS	$ PER MILE DECIMAL FRACTION
80,000 AND UNDER	USE TABLE A		USE TABLE A		USE TABLE A		USE TABLE A		USE TABLE A	
80,001 to 82,000	169.2	.1692	154.8	.1548	144.7	.1447	137.4	.1374	129.6	.1296
82,001 to 84,000	174.7	.1747	157.2	.1572	147.0	.1470	139.2	.1392	131.3	.1313
84,001 to 86,000	179.9	.1799	160.9	.1609	149.4	.1494	140.9	.1409	133.2	.1332
86,001 to 88,000	186.0	.1860	164.3	.1643	151.8	.1518	143.4	.1434	135.0	.1350
88,001 to 90,000	193.2	.1932	168.6	.1686	154.3	.1543	145.8	.1458	137.4	.1374
90,001 to 92,000	201.6	.2016	173.4	.1734	156.5	.1565	148.2	.1482	139.8	.1398
92,001 to 94,000	210.7	.2107	178.2	.1782	159.0	.1590	150.5	.1505	141.7	.1417
94,001 to 96,000	220.2	.2202	183.6	.1836	162.0	.1620	153.0	.1530	143.9	.1439
96,001 to 98,000	230.4	.2304	190.2	.1902	165.6	.1656	155.5	.1555	146.4	.1464
98,001 to 100,000			197.3	.1973	169.2	.1692	158.4	.1584	148.8	.1488
100,001 to 102,000					172.8	.1728	162.0	.1620	151.3	.1513
102,001 to 104,000					176.4	.1764	165.6	.1656	154.3	.1543
104,001 to 105,500					181.1	.1811	169.2	.1692	157.2	.1572

*NOTE - Column C converts mills per mile to dollars per mile by moving the decimal point three places to the left. Multiply the Oregon Taxable Miles by the decimal fraction for the amount of tax due for each weight.

	COLUMN A	NO. OF AXLES	COLUMN B	COLUMN C	TAX
EXAMPLES:	96,000	5	220.2	.2202	1000 Miles X .2202 = $ 220.20 100 Miles X .2202 = 22.02
	96,000	6	183.6	.1836	1000 Miles X .1836 = $ 183.60 100 Miles X .1836 = 18.36

SEE TABLE "A" RATES FOR 80,000 POUNDS AND UNDER.

Highway Cost Allocation Study

- Oregon just completed the HCAS for the 2017-19 biennium (future expenditures vs. future usage)

- Key findings:
  - Light vehicles paying full fees should contribute 63.98 percent of state highway user revenues
    - Projected to pay 64.46 percent (Overpay by 0.76 percent)

  - Heavy vehicles paying full fees should contribute 36.02 percent
    - Projected to pay 35.54 (Underpay by 1.35 percent)

HCAS Road Classification

- Uses FHWA's classification system for urban and rural roadways across 7 categories:

1. Interstate Freeways
2. Other Freeways and Expressways
3. Other Principal Arterials
4. Minor Arterials
5. Major Collectors
6. Minor Collectors
7. Local Streets and Roads

Expenditure Categories

- Modernization – New construction or reconstruction to improve capacity/throughput
- Preservation – Extending the useful life of infrastructure without expanding capacity
- Maintenance – Routine maintenance of pavements, roads, rest areas, etc. (ex: pothole damage)
- Administration, Revenue Collection, Other

HCAS – Five Data Types

- Traffic data – Miles of travel by vehicle weight and type on each of the road systems in the study
- Expenditure data – Projected expenditures by work type category, road system, funding source
- Revenue Data – Projected revenues by source
- Allocation Factors – Distributions to allocate costs into individual vehicle classes, including passenger-car equivalence factors, pavement factors, bridge increment shares
- Conversion factors – Distributions to convert VMT to VMT by registered weight class

Current and Forecasted VMT by Weight Group

EXHIBIT 4-1: CURRENT AND FORECASTED VMT BY WEIGHT GROUP (MILLIONS OF MILES)

Declared Weight in Pounds	2015 VMT (estimate)	2018 VMT (forecast)	Average Annual Growth Rate
1 to 10,000	33,291	35,718	2.4%
10,001 to 26,000	805	869	2.6%
26,001 to 78,000	378	380	0.2%
78,001 to 80,000	1,152	1,264	3.2%
80,001 to 104,000	248	248	0.0%
104,001 to 150,500	264	289	3.0%
150,501 and up	3	3	2.2%
Total for All Vehicles	36,140	38,771	2.4%
Total by Weight Range			
1 to 10,000	33,291	35,718	2.4%
10,000 and up	2,849	3,053	2.3%
1 to 26,000	34,096	36,587	2.4%
26,000 and up	2,044	2,184	2.2%
Percentage of Total by Weight Range			
1 to 10,000	92.1%	92.1%	
10,000 and up	7.9%	7.9%	
1 to 26,000	94.3%	94.4%	
26,000 and up	5.7%	5.6%	

Projected 2018 VMT by Road System

EXHIBIT 4-2: PROJECTED 2018 VMT BY ROAD SYSTEM (MILLIONS OF MILES)

Road System	Total VMT	Light Vehicles		Heavy Vehicles	
		VMT	Percent of Total	VMT	Percent of Total
State Roads	22,739	20,378	89.6%	2,361	10.4%
Urban Interstate	5,984	5,438	90.9%	546	9.1%
Rural Interstate	4,066	3,258	80.1%	808	19.9%
Urban Other	6,628	6,238	94.1%	391	5.9%
Rural Other	6,060	5,444	89.8%	616	10.2%
Local Roads	15,796	15,118	95.7%	678	4.3%
County Roads	8,424	7,989	94.8%	435	5.2%
City Streets	7,372	7,129	96.7%	243	3.3%
State and Local Roads	38,535	35,496	92.1%	3,039	7.9%
Federal Roads	236	222	93.9%	14	6.1%
Total All Roads	38,771	35,718	92.1%	3,053	7.9%

Distribution of Projected VMT by Road System

EXHIBIT 4-3: DISTRIBUTION OF PROJECTED 2018 VMT BY ROAD SYSTEM

Road System	Percent of Total VMT	Percent of VC Total VMT	
		Light Vehicles	Heavy Vehicles
State Roads	58.6%	57.1%	77.3%
Urban Interstate	15.4%	15.2%	17.9%
Rural Interstate	10.5%	9.1%	26.5%
Urban Other	17.1%	17.5%	12.8%
Rural Other	15.6%	15.2%	20.2%
Local Roads	40.7%	42.3%	22.2%
County Roads	21.7%	22.4%	14.2%
City Streets	19.0%	20.0%	7.9%
State and Local Roads	99.4%	99.4%	99.5%
Federal Roads	0.6%	0.6%	0.5%
Total All Roads	100%	100%	100%

Annual Expenditures by Category and Funding Source

EXHIBIT 4-5: AVERAGE ANNUAL EXPENDITURES BY CATEGORY AND FUNDING SOURCE (THOUSANDS OF DOLLARS)

Major Expenditure Category	Funds by Source					Percentage of All Funding				Percentage of Source				
	All Sources	State	Federal	Local	Bond	State	Federal	Local	Bond	All Sources	State	Federal	Local	Bond
Modernization	210,792	61,442	133,960	10,050	5,340	29.1%	63.6%	4.8%	2.5%	14.1%	6.8%	25.9%	15.1%	41.1%
Preservation	209,847	67,452	135,741	6,606	48	32.1%	64.7%	3.1%	0.0%	14.0%	7.5%	26.3%	9.9%	0.4%
Maintenance	444,545	354,337	59,629	30,579	0	79.7%	13.4%	6.9%	0.0%	29.7%	39.4%	11.5%	45.9%	0.0%
Bridge	43,572	4,493	37,154	283	1,642	10.3%	85.3%	0.6%	3.8%	2.9%	0.5%	7.2%	0.4%	12.6%
Other	587,531	412,670	149,847	19,060	5,954	70.2%	25.5%	3.2%	1.0%	39.3%	45.8%	29.0%	28.6%	45.9%
All Expenditures	1,496,287	900,393	516,330	66,578	12,985	60.2%	34.5%	4.4%	0.9%	100.0%	100.0%	100.0%	100.0%	100.0%

Annual Cost Responsibility by Expenditure Category/Weight Class

EXHIBIT 5-1: AVERAGE ANNUAL COST RESPONSIBILITY BY EXPENDITURE CATEGORY AND WEIGHT CLASS (THOUSANDS OF DOLLARS)

		All Funding Sources						
Declared Weight in Pounds		Modernization	Preservation	Maintenance	Bridge	Other	Prior Bonds	Total
1 to 10,000		157,474	58,207	226,963	27,711	497,086	110,774	1,078,215
10,001 to 26,000		7,102	18,679	36,078	3,153	11,171	11,070	87,254
26,001 to 78,000		5,361	15,206	28,815	1,372	13,054	9,741	73,549
78,001 to 80,000		23,978	67,940	86,586	5,701	44,921	41,189	270,315
80,001 to 104,000		6,835	20,103	25,010	1,644	9,436	21,349	84,378
104,001 to 150,500		8,892	26,339	39,374	1,789	11,269	21,467	109,131
150,501 and up		1,150	3,371	1,717	2,202	593	1,510	10,544
Total		210,792	209,847	444,545	43,572	587,531	217,100	1,713,386
Total by Weight Range	1 to 10,000	157,474	58,207	226,963	27,711	497,086	110,774	1,078,215
	10,000 and up	53,319	151,639	217,582	15,861	90,445	106,326	635,171
	1 to 26,000	164,576	76,886	263,041	30,863	508,258	121,845	1,165,469
	26,000 and up	46,217	132,960	181,503	12,708	79,273	95,255	547,917
Percentage of Total by Weight Range	1 to 10,000	74.7%	27.7%	51.1%	63.6%	84.6%	51.0%	62.9%
	10,000 and up	25.3%	72.3%	48.9%	36.4%	15.4%	49.0%	37.1%
	1 to 26,000	78.1%	36.6%	59.2%	70.8%	86.5%	56.1%	68.0%
	26,000 and up	21.9%	63.4%	40.8%	29.2%	13.5%	43.9%	32.0%

Worth a closer look

- AAA Idaho recommends further review and consideration of the Oregon usage model as a potential allocation and funding mechanism
- Incremental cost responsibility is an equitable solution
- Methodology can be adapted to Idaho's funding needs – responsive, flexible system
- Usage based on miles traveled is already calculated by heavy trucks
- Once the parameters are in place, HCAS process can be consistently replicated

COMMERCIAL VEHICLE ANNUAL REGISTRATION FEE COMMITTEE

Mr. Chairman and members of the Commercial Vehicle Annual Registration Fee Committee.

My name is Kyle Wangemann. I am a wheat and barley producer from Caribou County. I am President of the Caribou County Grain Growers and a member of the Idaho Grain Producers Association board of directors.

The Idaho Grain Producers Association represents approximately 600 farm families who raise wheat and/or barley in 42 of Idaho's 44 counties. Idaho ranks number 1 in the nation in barley production with almost $300 M in sales and wheat sales at approximately $650 M. The success of our operations is directly tied to our ability to transport our grain products from our fields to national and international markets.

We appreciate the opportunity to participate in your review of the current fee schedule.

As users of our extensive network of roads and bridges we recognize there is a substantial need to continually invest in our transportation system. Our transportation revenues are not keeping pace with growth. I would note, for the record, that the Idaho Grain Producers Association has been a leader in supporting fair and equitable mechanisms to maintain our transportation system. We will continue to be strong advocates for maintaining and improving our ability to move our products to market and we are ready to pay our fair share.

So, what is fair and equitable? There may never be a perfect solution, however, for our producers what we have now is not fair and equitable.

IGPA is only looking at the fees associated with registering an 80,000-lb. truck to simplify our testimony. However, the multitier system exists with all of the truck weights. As you know the system is based on Tiers broken down according to the mileage the truck runs in the previous year.

Look at the low mileage truck in Tier 1, 1 through 7,500 miles, the midpoint of the Tier is 3,750 miles. This Tier midpoint pays $0.128 per mile. Scan down to Tier 5. The midpoint of that Tier, assuming 100,000 miles is the top end of that Tier, knowing there are trucks that run more than 100,000 miles per year, is 75,000 which cost $0.044 per mile. The 100,000 plus Tier even gets a better deal, $0.033 per mile.

The math is simple. There is $0.095 per mile difference between Tier 1 and Tier 5.

There is another way to look at the current system. Look inside the Tier itself. Look at Tier 5. Within the Tier a truck running 50,000 miles pays $0.067 cents per mile while the truck running 100,000 pays $0.033 with the midpoint paying $0.044. That is a difference of $0.034 per mile within the Tier.

There is a difference within all of the Tiers. Tier #2, $0.092, Tier #3 $0.036, and Tier #4 $0.019. It is easy to see why the system needs to be addressed.

At this point it is important to remember a little trucking history. In 2000 in ATA vs Idaho the 4th, Judicial District Court ruled that Idaho was exposed to a potential refund liability of approximately $124 million to ATA. Idaho paid $27 million. This suit was all because of approximately $0.025 per mile difference in the fee structure. Today we have approximately $0.095 difference in the fee structure

In our opinion, the fairest approach would be a system where there is a uniform base registration fee plus a uniform mileage fee paid by everyone. Simple and fair.

We commend the committee for taking a new look at this important issue. We would have two requests going forward: any changes considered by the committee be primarily directed by consideration for fairness and the discussions be as inclusive of all parties as possible. We stand ready to participate in any deliberations moving forward.

(Kyle Wanseman testimony)

Existing 5-tier System

Tier 1. Current @ 80,000 Lbs. = $480.00
1 through 7,500 Miles

Mile	Cost Per. Mile
1	
3,750	0.128
7,500	0.064

Tier 2. Current $1,100.00
7,501 Through 20,000

7,501	0.147
13,751	0.079
20,000	0.055

Tier 3. Current $1,700.00
20,000 Through 35,000

20,000	0.084
27,500	0.061
35,000	0.048

Tier 4. Current $ 2,300.00
35,001 Through 50,000

35,001	0.065
42,500	0.054
50,000	0.046

Tier 5. Current $ 3,360
50,000 and up

50,000	0.067
75,000	0.044
100,000	0.033

Proposed "User Pay" Truck Registration

Tier 1 = $135
1 Through 4,500 miles

Mile	Cost per. Mile
1	
2,250	0.06
4,500	0.03

Tier 2 = $435.00
4,501 Through 10,000

Mile	Cost per. Mile
4,501	0.10
7,250	0.06
10,000	0.05

Tier 3 = $900.00
10,001 Through 20,000

Mile	Cost per. Mile
10,001	0.09
15,000	0.06
20,000	0.05

Tier 4 = $1,350.00
20,001 Through 35,000

Mile	Cost per. Mile
20,001	0.07
22,500	0.06
35,000	0.04

Tier 5 = $2,850
35,001 Through 60,000

Mile	Cost per. Mile
35,000	0.08
47,500	0.06
60,000	0.05

Tier 6 = $4,050
60,000 Through 75,000

Mile	Cost per. Mile
60,001	0.07
67,500	0.06
75,000	0.05

Tier 7 = $5,250
75,000 and up

Mile	Cost per. Mile
75,001	0.07
87,000	0.06
100,000	0.05

Mr. Chairman and members of the Commercial Vehicle Annual Registration Fee Committee,

My name is Jamie Kress – my husband and I are dryland wheat farmers from Rockland. I am a member of the executive board of the Idaho Grain Producers Association.

With over 600 wheat and barley farm families as members, IGPA is the key policy advocacy organization working on behalf of Idaho's grain industry with local, state, and federal leaders. Having workable transportation infrastructure in place is critical to the success of agriculture operations. We transport our commodities from the field to storage and market, as well as transport inputs like seed, fuel, fertilizer, and chemicals to our farms. Transportation is inextricably linked to our operations.

I appreciate the opportunity to talk for a few minutes about commercial vehicle annual registration fees. When I look at the current five-tier fee structure, the one thing that jumps out is the lack of equity in the current system. As has been mentioned, there is a significant difference in the fees paid between lowest and the last tier – and there are significant differences within the top and bottom of each tier.

IGPA believes most equitable way to charge commercial vehicle registration fees is to have a base fee paid by everyone that covers administrative fees and then asses a rate per mile. If the legislature is considering making changes to the current system, the most important change to consider is to make the fees equitable for all commercial trucks.

My personal farming operation simply illustrates the inequality in the current system. My husband and I own one semi that is registered at 96,000 pounds. Depending on the year, we may put 10,000 miles on our semi. Another year, we may put two or three times that many miles, depending on where we're selling and delivering our commodities. Looking back at our last three IRP Commercial Vehicle registrations we moved around within the 96,000 lb tiers, so the amount we paid varied from 7.0 cents per mile to 10.2 cents per mile. We're talking the same truck, same Idaho roads, but essentially a savings of 3.2 cents per mile as a result of driving more.

This isn't an issue of the big guys versus the small guys. This isn't long haulers versus short haulers. This isn't about agriculture versus other industries that use trucks to get their products to market. This is about equity – everybody, regardless of the number of miles traveled, paying their fair share to use our road system.

Finally, Mr. Chairman, if you would indulge me an extra minute I would like to very briefly touch on another transportation issue of high importance to our grain producers. That is the 129,000 truck route approvals. We do want you to know how much we appreciate your efforts to make the 129,000 LB trucks available to us.

Our growers have been frustrated and disappointed with the extremely slow process in getting approval for these routes. It has been two years since the authorization of 129,000 lb. trucks and yet very few routes have been approved. There has to be a better path to approval. We request this committee urge the Idaho Department of Transportation to work with local jurisdictions to consider ways to streamline the route approval process.

One idea we would put on the table would be similar to what Utah has done, to make all 105,500 approved routes 129,000 approved routes. One permit would cover all roads. To make sure that counties would still have the authority to govern their local roads they could opt out any road, for whatever reason, they deem inappropriate for heavier trucks. For purposes of efficiency and expediency we feel this idea merits careful consideration.

Mr. Chairman, committee, thank you for hearing our concerns and ideas and we would welcome any opportunity to work with you to find solutions to these important transportation issues.

Thank you for your time today, and I welcome any questions.

Simplot
TRANSPORTATION

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October 4, 2017

Meghan Mallea
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Testimony before the Commercial Vehicle Annual Registration Fee Committee

Thank you for the opportunity to testify regarding commercial vehicle registration in Idaho. As a Regional Trucking Manager for Simplot Transportation and as Secretary/Treasurer of the Idaho Trucking Association, I am familiar with registration issues and appreciate the chance to speak to you today. The ITA Board of Directors has taken an official position against the reintroduction of a tax on vehicle miles traveled in Idaho unless the majority of vehicles, including passenger vehicles, are equipped with approved on-board electronics for accurate tracking.

The J.R. Simplot Company is proud to be a major supporter of the Idaho economy for nearly 100 years. A few years ago we made one of the largest investments in our Company's history with the construction of the Idaho Plant in Caldwell. The state-of-the-art potato processing plant was built on the site of the Company's original potato dehydrating operation that produced potatoes for troops fighting overseas in WWII. Today, the Idaho Plant is the largest and most modern processing facility in the United States.

The continued success of our Company is dependent in large part upon transportation networks that are reliable, timely, efficient and cost effective. The State's willingness to invest in roads, highways and infrastructure improvements is vital to maintaining those networks.

Trucking plays a critical role throughout the Company and certainly within the

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Food Group. Whether hauling raw potatoes to storage and manufacturing facilities, shipping ingredients and packaging materials to warehouses, transporting frozen products to customers and distribution centers throughout the country or delivering containers to U.S. ports for finished goods export around the world, Simplot Transportation and many other motor carriers are essential to a successful business operation.

Equipment registration fees and taxes have a direct impact on a trucking company's operating costs. A mid-sized Idaho carrier with 25 trucks can expect to spend about $5,000 annually to register and permit a commercial vehicle. This is in addition to the thousands of dollars in expenses that the carrier incurs through fuel tax, heavy vehicle use tax and federal excise tax.

In 2015, the legislature considered a proposal to increase commercial vehicle registration fees by 50 percent. While such a proposal would only generate $12 to $13 million in revenue for the State highway fund, a mid-sized carrier would pay tens of thousands of dollars each year in additional fees. Carriers cannot simply absorb these fees as a cost of doing business. Those additional costs are passed on to their customers in the form of higher freight rates. And ultimately those price increases are passed on to consumers who depend on the essential goods that the trucking industry delivers.

The trucking industry currently contributes 42 percent of all Idaho highway fees but travels only 11 percent of the miles. This strongly demonstrates that the trucking industry has consistently paid more than its share of highway fees. The industry is willing to support a strong infrastructure through registration fees and other taxes, but the State's transportation funding needs cannot be met solely through fees on commercial vehicles.

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Investments in infrastructure help Simplot and other companies succeed, but more importantly they allow for the safe and efficient movement of people and products across Idaho. I encourage the committee to keep in mind the Idaho trucking industry's commitment to safety and many contributions throughout the state and to consider the impact that increased commercial vehicle fees have on carriers, businesses and consumers.

IDAHO TRUCKING ASSOCIATION

Testimony before the Interim Committee on Commercial Vehicle Registration

Wednesday, October 4, 2017

Chairman Brackett, Chairman Palmer, Members of the Committee:

On behalf of the Board of Directors of the Idaho Trucking Association and our members, thank you for this opportunity to testify about commercial vehicle registrations and moving Idaho to a program that tracks vehicle miles traveled, or what we previously knew as weight-distance. We appreciate the committee's inclusive process and efforts to gather a lot of information on the topic.

While everyone would support any tax collection system that increases efficiency and reduces costs for both Idaho and her citizens, a weight-distance program is not such a system. It would negatively affect our economy and increase the burden on the state to fairly assess and collect taxes to fund our transportation system. It is for these reasons, and those outlined below, that the Idaho Trucking Association is opposed to reverting to weight-distance. Our Board of Directors has officially taken a position against Idaho abandoning a registration program unless all vehicles – both passenger and commercial – are subject to the program and are equipped with technology that can track travel.

Since states began registering commercial vehicles, at least half have tried some version of weight-distance taxes, including Idaho. Today there are only four left, and for good reason:

- It is enormously expensive to administer and to comply with (if a state makes half an effort, and very few actually do).
- Other states likely will not make extra efforts to help Idaho enforce its program, and there is no national agreement like the International Registration Plan (IRP) to help with enforcement.
- Weight-distance programs are wide open to evasion because the state is trying to keep track of travel, which is not a tangible product.
- Evasion puts upward pressure on the rate. This leads to more unhappiness and evasion (and complexity, if the state tries to enforce), and results in states offering all manner of tax breaks for local industries, which is generally unconstitutional and it's what landed Idaho in trouble the last time.

In fact, we know that the fuel tax is extremely efficient and there is very little slippage. Yet, we do not pay attention to the administration of that tax in this state because we lack a dyed fuel enforcement program. In light of this, it is unlikely Idaho is even equipped to address this monstrosity, which is cumbersome and intrusive.

The trucking industry is the lifeblood of our nation's economy. At some point in the movement of goods, everything must spend time on a truck. Yet, trucking runs on very thin margins of just one or two percent. Operating costs play a significant role in whether a company succeeds or fails today, and many carriers are making hard decisions on where to run and for whom. In fact, trucking is even more critical to Idaho. According to the Idaho Department of Labor, Idaho has 40 percent more jobs in the trucking industry when compared to the national percentage of jobs in the national

economy. This means the industry is more important to Idaho's economy relative to its importance to the national economy.

There are more and more stories every day where carriers are "quitting" customers because the lanes are too costly and the payment is too small. In addition, trucking companies are not any different than manufacturers or other businesses that the state spends time trying to retain and recruit. It is not too much of a stretch to think of carriers "quitting" Idaho.

In light of this, and the fact that Idaho already has some of the highest taxes and fees for commercial vehicles in the country, considering only commercial vehicles for a weight-distance program is inequitable at best. High taxes on trucks leads to the subsidization of lesser roads by the Interstates, where we run most of our miles. In addition, our industry already pays fees and taxes to fund the entire system, but we are restricted from running on many roads and bridges.

The funding of Idaho's transportation system is critically important to all of us. A safe and efficient system is our number one priority in the trucking industry. Thank you for your stewardship on this issue. It is never easy to bring people of differing opinions together or to balance the interests of many, but this committee is providing just such a forum. Again, thank you for this opportunity.

Sincerely,

Julie Pipal

Julie Pipal
President/CEO
Idaho Trucking Association

Idaho Fast Facts

TRUCKING DRIVES THE ECONOMY

- **Employment:** In 2015, the trucking industry in Idaho provided 37,580 jobs or 1 out of 15 in the state. Total trucking industry wages paid in Idaho in 2015 exceeded $1.6 billion, with an average annual trucking industry salary of $42,689. The U.S. Bureau of Labor Statistics (BLS) reported in May 2015 that heavy and tractor-trailer truck drivers held 13,000 jobs with an average annual salary of $40,260.
- **Small Business Emphasis:** As of April 2015, there were 4,150 trucking companies located in Idaho, most of them small, locally owned businesses. These companies are served by a wide range of supporting businesses both large and small.
- **Transportation of Essential Products:** Trucks transported 76% of total manufactured tonnage in the state in 2012 or 57,682 tons per day. 72.1% of Idaho communities depend exclusively on trucks to move their goods.

TRUCKING PAYS THE FREIGHT

- **As an Industry:** In 2014, the trucking industry in Idaho paid approximately $198 million in federal and state roadway taxes. The industry paid 42% of all taxes owed by Idaho motorists, despite trucks representing only 11% of vehicle miles traveled in the state.
- **Individual Companies:** As of January 2016, a typical five-axle tractor-semitrailer combination paid $8,495 in state highway user fees and taxes in addition to $8,906 in federal user fees and taxes. These taxes were over and above the typical taxes paid by businesses in Idaho.
- **Roadway Use:** In 2014, Idaho had 48,902 miles of public roads over which all motorists traveled 16.2 billion miles. Trucking's use of the public roads was 1.8 billion miles.

SAFETY MATTERS

- **Continually Improving:** In 2014 the large truck fatal crash rate was 1.23 fatal crashes per 100 million vehicle miles traveled (VMT). This rate has dropped by 73% since the U.S. Department of Transportation (DOT) began keeping these records in 1975. The 2014 fatal crash rate for the state of Idaho was 1.11 per 100 million VMT.
- **Sharing the Road:** The trucking industry is committed to sharing the road safely with all vehicles. The Share the Road program sends a team of professional truck drivers to communities around the country to teach car drivers about truck blind spots, stopping distances and how to merge safely around large trucks, all designed to reduce the number of car-truck accidents.
- **Safety First:** Idaho Trucking Association members put safety first through improved driver training, investment in advanced safety technologies and active participation in industry safety initiatives at the local, state and national levels.

TRUCKS DELIVER A CLEANER TOMORROW

- **Fuel Consumption:** The trucking industry continues to improve energy and environmental efficiency even while increasing the number of miles driven. In 2014, trucks consumed 97 billion fewer gallons of fuel than passenger vehicles in the U.S. and accounted for just 17% of the total highway transportation fuel consumed.
- **Emissions:** Through advancements in engine technology and fuel refinements, new diesel truck engines produce 98% fewer particulate matter (PM) and nitrogen oxides (NOx) emissions than a similar engine manufactured prior to 1990. Sulfur emissions from diesel engines have also been reduced by 97% since 1999.
- **Partnerships:** Through the U.S. Environmental Protection Agency's (EPA) SmartWay Transport Partnership, the trucking industry is working with government and businesses to quantify greenhouse gas emissions and take steps to reduce them.

TTA

ATRI American Transportation Research Institute

Updated November 2016 with most recent data available.

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September 28, 2017

Interim Committee on Commercial
Vehicle Annual Registration Fees
Idaho Legislature
P.O. Box 83720
Boise, Idaho 83720-0054

Ladies and Gentlemen of the Committee:

Thank you for the opportunity to provide the Idaho Farm Bureau Federation's (IFBF) thoughts on commercial vehicle registration annual fees. At this point our organization is interested to find what other industry stakeholders are thinking and is willing to listen to alternative registration proposals. IFBF also requests a place at the table if any changes to the commercial vehicle registration system are considered.

The trucking and agriculture industries recognize cost per mile discrepancies in the various registration bands. We also recognize that a remedy to this, if any, is the difficult part. IFBF asks that if any changes to the registration system are made, these changes be as fair as possible and not used as a revenue raising device.

At the first committee meeting, a member referred to examination of the "ag exemption." Farm Bureau is unaware of any "ag exemptions" for truck registrations of 60,000 pounds Gross Vehicle Weight (GVW) and over. Trucks up to 60,000 pounds GVW can be licensed at the county level. Trucks exceeding 60,000 pounds GVW are licensed through the Idaho Transportation Department (ITD). If the CVR Committee can provide some clarification to this statement, it would be greatly appreciated.

Thank you for the opportunity to express Farm Bureau's current thoughts on commercial vehicle annual registration fees.

Sincerely,

Bryan Searle

Bryan Searle, President
Idaho Farm Bureau Federation

October 1, 2017

Members of the Interim Transportation Committee
and Other Interested Parties:

I propose a new class of semi truck license which would only apply to semi trucks used in harvest of silage corn, haylage, potatoes, sugar beets and other crops where the round trip distance is less than 50 miles.

The truck license weight would be 90,000 pounds gross vehicle weight or less and would only apply to agriculture related activities.

These trucks are used to haul commodities from field to storage and may travel most of the miles on private roads or sometimes on county and state roads making the process of keeping track of mileage a very cumbersome task.

This license class would pay an annual license fee to be determined by the Idaho Department of Transportation after analyzing the distances currently reported to the Department by the various operators. This would make the new class revenue neutral with the exception of those operators who may be operating outside the law.

This change in license would provide a savings to the State in decreased auditing of certain semi truck licenses and savings to the truck operators in decreased record keeping.

This license class would be similar to the current license class for 10-wheel trucks which are also used in agriculture for harvest and other related activities with the exception of the 50-mile round trip limitation.

I appreciate the opportunity to express by idea to the committee for their consideration and acknowledge that this may not be possible at this time.

Thank you and respectively submitted by
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