

A review of:

- Idaho's current fee system for commercial vehicles and farm vehicles that weigh over 60,000 pounds;
- The charge of the Commercial Vehicle Annual Registration Fee Committee; and
- The Request for Information issued by the Committee.

Commercial Vehicles 101

*(Title credit to Co-chair
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November 9, 2017

I. Transportation Funding in General

Transportation funding in Idaho is based on the premise that users of the road should pay for the road. Funding sources for roads and bridges include fuel taxes and vehicle registration fees.

Different vehicles have different registration fees. The fees for vehicles such as passenger cars, pickup trucks, motorcycles, and motor homes are governed by [Section 49-402, Idaho Code](#). The fees for commercial vehicles and farm vehicles are governed by [Section 49-434, Idaho Code](#).

II. Registration Fees for Commercial and Farm Vehicles

Two fee schedules for commercial vehicles and farm vehicles appear in Section 49-434. The first, in Subsection (1), applies to vehicles that weigh 60,000 pounds or under. The second, in Subsection (8), applies to vehicles that weigh over 60,000 pounds. The latter fees — in Subsection (8) — are the fees this Committee has been assigned to review.

III. Subsection (8) Fees

Under I.C. § 49-434(8), two fees are assessed. The first is the fee determined according to the fee schedule. This fee is based on two factors:

- The maximum gross weight of the vehicle; and
- The total miles the vehicle was driven in Idaho in the preceding year (July 1 through June 30).

The fee schedule provides weight and distance ranges in tiers. There are 35 weight tiers and 5 distance tiers. The fee for a vehicle is found where its weight and distance tiers intersect.

EXAMPLE 1

Bert wants to register his 80,000-pound truck in Idaho. Last year, he drove it for 23,000 miles. Bert's fee according to the fee schedule would be \$1,700.

DEFINITIONS

A **commercial vehicle** is a vehicle used to transport persons or property for hire, compensation, or profit. See [I.C. § 49-123\(2\)\(d\)](#). Examples include a freight truck or a Greyhound bus. There are some key exceptions, such as school buses and government vehicles.

A **farm vehicle** is a vehicle used by a farmer or rancher to transport agricultural products, such as produce, animals, or equipment, to market or storage. See [I.C. § 49-123\(2\)\(e\)](#).

The **maximum gross weight** of a vehicle is the weight of the vehicle when it's equipped for operation and hauling its maximum load. See [I.C. § 49-114\(6\)](#).

The second fee required under Subsection (8) is a fee of \$25.00, assessed to all vehicles registered under the subsection. This fee was added by [House Bill 312](#) in 2015.

EXAMPLE 2

Joe wants to register his 84,000-pound truck. Last year, he drove it for 11,000 miles. Joe's total fees under Subsection (8) would be \$1,190 (\$1,165 under the fee schedule, plus the \$25 fee).

IV. Complexities

- What if a vehicle is being registered for the first time and has no mileage for the preceding year?

The owner [estimates](#) the miles the vehicle will be traveling and explains how the estimate was made when applying for registration.

EXAMPLE 3

Chuck is expanding his business and wants to register a new 94,000-pound truck. Based on contracts he's entered and the routes he anticipates using to transport supplies, he expects the new truck to travel 8,000 miles during the year. Chuck's Subsection (8) fees would be \$1,354.

- What is the flat rate?

Under I.C. § 49-434(8)(e), a flat-rate registration fee of \$255 is available for commercial or farm vehicles that weigh 60,001 to 106,000 pounds and travel fewer than 2,500 miles annually.

EXAMPLE 4

Jason has a 64,000-pound farm vehicle that he uses to transport potatoes each year. His mileage never exceeds 1,000. Jason registers under the flat rate. His total registration fees are \$280.

- Are fees reduced if the vehicle is registered for fewer than twelve months?

Yes. Registrations are made for calendar years and expire on December 31. If the vehicle is registered later in the year, fees are reduced 1/12 for each month the vehicle was not registered.

EXAMPLE 5

On May 1, Kelly registers a 100,000-pound truck in distance tier 4 (35,001 to 50,000 miles). According to the fee schedule, his fee should be \$2,985. However, the fee is reduced to \$1,990 due to the four months during which the truck was not registered. The \$25 fee is also reduced to \$17.

- What is IRP registration?

The International Registration Plan (see sidebar) allows vehicles to register in a “base jurisdiction” but operate in multiple jurisdictions. An Idaho-based carrier may register vehicles under IRP if the carrier operates in two or more IRP jurisdictions.

EXAMPLE 6

Clark owns an Idaho-based trucking company. In addition to Idaho, his trucks operate in Oregon, Washington, and British Columbia. Rather than register all his trucks in each jurisdiction, Clark registers his trucks under IRP, using Idaho as his base jurisdiction.

- How are IRP registration fees calculated?

The total fee is determined by adding up a portion of the fees that would apply in each jurisdiction a truck operates in. Fees are collected by the base jurisdiction but shared with the other jurisdictions.

THE INTERNATIONAL REGISTRATION PLAN

The International Registration Plan (IRP) is an agreement between 48 states, the District of Columbia, and the Canadian provinces. Vehicle owners may register once but operate their vehicles in other jurisdictions. Each jurisdiction the vehicle operates in receives a share of the IRP registration fees based on the miles traveled in that jurisdiction. The two states that do not participate in IRP are Alaska and Hawaii.

- How is Idaho's portion of IRP fees calculated?

By multiplying the **base fee** and the **percentage factor**.

The base fee is similar to the fees that would apply for a full fee (Idaho-only) registration, but with some differences. For example, the distance tier is determined not by the miles traveled in Idaho, but by the miles traveled in all jurisdictions combined.

EXAMPLE 7(A)

Carl and Gayann are business partners who own an 80,000-pound truck registered under IRP. The truck travels in Montana, Wyoming, Utah, and Idaho for a total of 70,000 miles. The base fee for the truck is \$3,385 (80,000 pounds and over 50,000 miles = \$3,360 on the fee schedule, plus the HB 312 \$25 fee).

Miles traveled in Idaho are instead used to determine the percentage factor, which is equal to Idaho miles divided by total miles in all jurisdictions.

EXAMPLE 7(B)

Of the 70,000 miles traveled by Carl and Gayann's truck, 14,000 miles were traveled in Idaho. The percentage factor for Carl and Gayann's truck is .2 (14,000/70,000 = .2).

Once the base fee and the percentage factor are found, they can be multiplied to determine the Idaho portion of IRP fees.

EXAMPLE 7(C)

The Idaho portion of Carl and Gayann's IRP fees is \$677 (3,385 x .2 = 677).

FULL FEE VS. IRP

Full fee registration is registration for Idaho alone, as discussed in Examples 1 through 5. If you pay full fees, you are paying: (1) the full fee prescribed by the fee schedule in I.C. § 49-434(8), and (2) the \$25 fee added by HB 312.

IRP registration is registration for multiple jurisdictions, as discussed in Examples 6, 7, and 8. If you pay IRP fees, and Idaho is a jurisdiction that your vehicle operates in, then a portion of your fees will be submitted to Idaho. This portion is not the full fee prescribed under I.C. § 49-434(8); rather, it is a portion of the fee as determined according to the IRP formula.

- What is the partial refund granted to some IRP registrants?

As mentioned above, in IRP calculations, the distance tier is determined by adding up the miles traveled in all jurisdictions combined. However, I.C. § 49-434(8)(b) allows IRP registrants to [apply](#) to the Idaho Transportation Department for a partial refund of fees if the average miles traveled by each truck in a registrant's fleet is less than 50,001 miles.

EXAMPLE 8

Mark owns a fleet of 10 trucks registered under IRP. The trucks operate in several states, including Idaho. Last year, his trucks combined for 120,000 miles, averaging 12,000 miles per truck. Mark may apply to ITD for a partial refund of fees.

V. Concerns

The Subsection (8) fee system has been criticized for the following:

- Complexity
 - 17% of audits result in fee changes.
 - A conceptually simpler fee system would be easier to administer and comply with.
- Inequity
 - The distance tiers are arbitrary.
 - IRP carriers often have to apply for a refund.
 - The 2010 Idaho Highway Cost Allocation Study found that passenger cars are paying 8% more than their cost responsibility, while trucks are underpaying by 14%.
- Inadequacy
 - Idaho faces a transportation funding shortfall, and fuel taxes are becoming a less reliable source of funding as vehicles become more fuel-efficient. Registration fees and other user fees could prove more reliable in the future than fuel taxes.

VI. The Committee's Charge

Pursuant to [Senate Concurrent Resolution 116](#) (2017), this Committee has been tasked with reviewing the current fee system and studying the potential imposition of (1) an annual registration fee and (2) a quarterly weight-distance operating fee on commercial vehicles and farm vehicles weighing over 60,000 pounds. Such fees would replace the current Subsection (8) fees.

EXAMPLE 9

Sally lives in Gooding on Earth 2, where the Idaho Legislature has imposed a 5-cent weight-distance operating fee on 80,000-pound trucks, assessed quarterly. Sally owns such a truck, which traveled 6,000 miles in Idaho during July, August, and September. Her quarterly operating fee is \$300 (6,000 x .05).

WEIGHT-DISTANCE OPERATING FEE

A weight-distance operating fee is a form of road usage charging calculated based on the weight of the vehicle and the miles traveled by the vehicle during a certain period of time (i.e., each quarter of the calendar year).

VII. RFI

To assist the Committee in its study, the Legislature appropriated \$100,000 for retaining a consultant. On October 16, 2017, the Committee issued a [Request for Information \(RFI\)](#), seeking guidance on the nature of the consultant services that could be provided. The Committee asked for information on:

- The experience and qualifications of the potential consultant, including prior experience advising government entities;
- The ability of the potential consultant to recommend registration fees and weight-distance operating fees that might replace current Subsection (8) fees; and
- The ability of the potential consultant to forecast revenue for the next ten years that could be generated under the proposed new fees, as compared to revenue projections for the current Subsection (8) fees.