

**1999 SENATE TRANSPORTATION
SB 2308**

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2308

Senate Transportation Committee

Conference Committee

Hearing Date January 28, 1999

Tape Number	Side A	Side B	Meter #
1	x		2,781
February 11, 1999-Tape 2	x		1-815
February 12, 1999-Tape 1		x	1,135-3427
Committee Clerk Signature <i>Alou D. Schaeffer</i>			

Minutes:

SENATOR B. STENEHJEM opened the hearing on SB 2308. Committee members present included: Sens. Bob Stenehjem, R. Schobinger, D. Mutch, D. Cook, D. O'Connell, V. Thompson, and D. Bercier.

SENATOR THOMPSON testified in support of SB 2308 (see testimony).

SENATOR B. STENEHJEM How does the bill affect instate truckers?

SENATOR THOMPSON It doesn't affect states plates that belong to IRP.

SENATOR B. STENEHJEM Where do these miles and numbers on your testimony come from?

SENATOR THOMPSON The numbers and statistics came from DOT. These are actual numbers that are reported. We keep track of the miles in each state.

SENATOR B. STENEHJEM Do any other states have laws similar to this bill?

SENATOR THOMPSON There are other laws that are similar. One way or another we need to get revenue.

SENATOR B. STENEHJEM Are they paying fuel tax on what they buy here or how many miles they travel?

SENATOR THOMPSON They pay on the miles they report they travel.

SENATOR O'CONNELL There are 15 trucks coming south for every 1 truck going north.

SENATOR THOMPSON It was astonishing the number of trucks traveling into ND compared to those traveling out. Taxpayers in ND are paying for those reciprocal agreements.

SENATOR COOK Do you have actual numbers traveled in North Dakota by Canadian trucks prior to 1993?

SENATOR THOMPSON I don't have that on hand. After the trade agreement, truck traffic dramatically went on the rise. However, our North Dakota traffic has not gone up like some may think it would.

SENATOR COOK If we assume mileage went up, did fuel tax go up?

SENATOR THOMPSON I don't have that information. I believe we did increase fuel taxes.

SENATOR COOK The increased money from fuel tax is not enough to pay for our damaged roads.

SENATOR THOMPSON That is a fair statement.

SENATOR O'CONNELL I'm in favor of SB 2308.

LEROY ERNST, MANAGER OF ND MOTOR CARRIERS ASSOCIATION testified in a neutral position. We empathize with the sponsors of this bill. Does the definition of an out-of-state truck also entail a foreign carrier? Should there be language indicating a Canadian

carrier? ND is a natural bridge state for truck traffic. Because ND is a bridge state, we received additional funding from the Federal Highway Act. We approached the Department of Transportation and the Governor and encouraged them to enter reciprocity agreements with those provinces we do not have reciprocity agreements with.

On line 10, the sponsors of the bill are advocating a \$50 per trip fee or a \$500 per year fee. Our single trip permit fee for an out-of-state carrier if they choose not to be a member of the IRP is \$20. I wonder if the difference in the fees would lead to a court case. Should this bill pass, we will be looking at retaliatory acts on the provinces. Ontario and Manitoba are not in IRP but may be by 2000. All are members of the IFTA program and they report mileage and pay fuel tax.

The moneys generated under the program go into highway funds. The moneys generated under the Bingo Stamp Program go into the highway funds. The single state registration plan is generating to this state \$2.759 million dollars. A part of this is being paid by Canadian trucks.

Another concern is this bill may impact a number of other reciprocity agreements. We urge a hold on SB 2308 and would like to have the Department of Transportation communicate with the provinces.

SENATOR COOK If a trucker is not in IRP then they pay \$20 and every truck that enters the state pays an annual fee of \$10. That \$10 fee generates \$2.759 million per year.

LEROY ERNST \$10.00 is the annual fee. They may eliminate the program and take money out.

SENATOR COOK Is it possible to put a starting date of July 1, 2000 if the provinces don't join IRP?

LEROY ERNST We'd have no objection to that.

SENATOR THOMPSON What is the court case with the difference between \$20 to \$50?

LEROY ERNST There have been cases where states have charged smaller fees for an instate carrier more than an interstate.

KEITH KISOR, DIRECTOR OF MOTOR VEHICLE DIVISION OF THE DEPARTMENT OF TRANSPORTATION We do most of the activities that relate to the registration of carriers.

Concerns that come to my mind. This bill affects every reciprocity agreement that is currently taking place. The instate farmers would have to pay a fee going out of state. There are also reciprocal agreements for dealer plates from state to state. Also, in reference to the \$20 trip permit fee, there is a separate statute 39-04-19 that provides a trip permit fee of \$20 for trucks coming into the state that are not part of a reciprocal agreement. Who is responsible for collecting this fee and taking care of the registration?

SENATOR O'CONNELL How many \$20 permits were sold last year?

KEITH KISOR We don't handle them. My guess is there are a limited number of permits sold since reciprocity. North Dakota is trying to bring commitment to IRP from those provinces. ND wants to share software with Canada and is making efforts to reach those provinces. I think they are well received and there is good open communication.

SENATOR B. STENEHJEM What is the revenue for ND if those two provinces join IRP?

KEITH KISOR We'd be looking at \$300,000 in revenue from Manitoba. The percentage of the miles in ND are relatively small.

SENATOR B. STENEHJEM What about Ontario?

KEITH KISOR We'll probably see \$600,000 a year.

SENATOR O'CONNELL How do you feel about the effective date deadline?

KEITH KISOR Maybe make it effective two years from now. The provinces need approval from their legislative body and also the funding. I would hate to see us start some border wars. This way we can say there is some good faith effort in helping them.

SENATOR BERCIER This has the potential to affect other reciprocity agreements. Do you know that for sure?

KEITH KISOR There is no question that any reciprocal agreement is void except for those operating under IRP according to the bill.

SENATOR THOMPSON How long has the Department of Transportation been working to get Manitoba and Ontario to join IRP?

KEITH KISOR I've been on the IRP board of directors for a year now and that was my goal to get Manitoba and Ontario to join IRP. Prior to that there has been a real effort for two years.

SENATOR THOMPSON Have you shared this bill with your counterparts?

KEITH KISOR I have not but they are aware of growing frustration on the U.S. side of the border.

LEANNA WALD, HIGHWAY PATROL I will testify in a neutral position. There are reciprocity agreements that will be voided and will affect ND farmers going out-of-state due to this bill. I can get a count on trip permits.

SENATOR B. STENEHJEM Do we have reciprocity agreements with Canada?

LEANNA WALD We do with Saskatchewan, there is a 20 mile free zone and Manitoba has full reciprocity.

SENATOR B. STENEHJEM What if your reciprocity agreements are out then those other people have to be in the IRP plan?

LEANNA WALD Right now ND and MN have a 20 mile free zone. They are not required to be registered within that 20 mile free zone. South Dakota is the same way. Farmers coming into North Dakota can go 150 miles hauling their own commodities. This bill would eliminate all of that.

SENATOR O'CONNELL What about an LCD permit?

LEANNA WALD There is a \$20 fee for each trip and a heavy weight fee. We've adopted a similar policy to Minnesota.

SENATOR B. STENEHJEM We will close the hearing on SB 2308.

February 11, 1999-Tape 2-Discussion

SENATOR THOMPSON proposed amendment 90539.0101. The first part of this bill would bring an effective date to February 1. We are actually allowing an extra month and law enforcement usually allows a month to check registration for the new year.

SENATOR B. STENEHJEM Does that give them till February 28th because won't they give leniency till after February 1.

SENATOR THOMPSON That would be a policy decision made by the highway patrol. This way you've got a month and you better have proper registration at the time.

SENATOR B. STENEHJEM You want to have January 1 as the due date. If they give a delay, they give it to them. Otherwise you will be a month short. When will their license expire? You will want them to go from January to January not February to February.

SENATOR THOMPSON We can scratch out February and put January in there. There was concern that we would affect reciprocal agreements made in other areas. I asked Legislative Council to be specific so on line 7 after reciprocal instead of registration they put "agreements

dealing with highway registration fees". This way we won't have to be worried about other agreements and industries. I propose this amendment.

SENATOR O'CONNELL I second it.

SENATOR B. STENEHJEM You're having it effective January 1, 2000.

Amendment was voted on by a voice vote (5 Yeas, 1 Nay and 0 Absent). Amendment carries.

SENATOR COOK We're doing two things. We're raising the trip permit from \$20 to \$50.

SENATOR THOMPSON No.

There was committee discussion on the trip permit.

SENATOR MUTCH You're getting at some of the truckers coming in here hauling grain.

SENATOR B. STENEHJEM This would try to force them to get into the International Registration Plan.

SENATOR THOMPSON You are correct.

SENATOR O'CONNELL If you get an extended vehicle permit it changes from \$10 to \$20.

SENATOR COOK What is the difference between an extended permit and this \$50 fee?

SENATOR THOMPSON There are different permits. The over length and overweight type of permits you have to pay extra money for.

SENATOR O'CONNELL You can get a permit if overloaded.

SENATOR MUTCH In the winter months they're allowing Canadians to be overweight by about 10%.

SENATOR B. STENEHJEM How are they legal with that amount?

SENATOR O'CONNELL That is what the permit allows.

There was discussion on types of permits.

SENATOR B. STENEHJEM To come in here period they are going to have to do this.

SENATOR MUTCH Every state is in the International Registration Plan.

SENATOR O'CONNELL Some provinces too.

SENATOR THOMPSON When it comes for paying for our roads through registration fees I strongly believe they are not paying their fair share. This is making them pay trip permits until they join the International Registration Plan. They tell us they're going to but in all honesty there is no incentive for them to join.

SENATOR O'CONNELL I motion for a Do Pass as Amended.

SENATOR THOMPSON I second it.

Roll call was taken (4 Yeas, 3 Nays, and 0 Absent and Not Voting).

February 12, 1999 - Tape 1

SENATOR SCHOBINGER I move we reconsider our actions by which we passed SB 2308.

SENATOR MUTCH I second that motion.

SENATOR B. STENEHJEM I've rethought my position on this bill.

MARSHALL MOORE, DIRECTOR OF THE DEPARTMENT OF TRANSPORTATION

This bill deals with the reciprocity agreements and would end up taking them all out. We have some reciprocity agreements with Manitoba and Ontario but they weren't written to favor Canada but to allow our truckers access into Canada because their fees are considerably higher than ours as far as buying a trip permit. The reason we have reciprocity agreements with those two is because they do not belong to IRP. They all belong to the IFTA program. Those two don't share their registration with the states or with other provinces. Ontario will be joining IRP

in 2000 and Manitoba in 2001. If we do this bill, we take out the reciprocity agreements with other states. At least move the deadline to the beginning of the next session.

SENATOR O'CONNELL So January 1, 2001 will be more workable.

MARSHALL MOORE It would send the message to Canadian provinces to join. It is a concern to our truckers if we take all of the reciprocity agreements out.

SENATOR O'CONNELL We wanted to get them moving with this bill.

SENATOR THOMPSON Have you seen the amendments we agreed upon yesterday?

MARSHALL MOORE No, I'd want to review these with the agreements that we have.

SENATOR THOMPSON Could you give us a specific example of reciprocal agreements that might be affected?

MARSHALL MOORE There are many agreements that deal with the movement of agriculture products that move among the states.

SENATOR THOMPSON Do those deal with registration fees?

SENATOR B. STENEHJEM The agreements with Montana and Minnesota if they were not in place, we'd have to register with those states.

MARSHALL MOORE Some of these agreements are those that go beyond that.

SENATOR COOK The focus becomes the trip fees that have to be paid.

LEROY ERNST I originally testified against SB 2308. The current state law has a \$20 trip permit fee and now the bill will raise it to \$50. If the provinces were not in IRP by the year 2000 I would be in support of this legislation.

SENATOR MUTCH Manitoba is in IRP?

MARSHALL MOORE They are in IFTA.

SENATOR THOMPSON My concern is that we are losing \$1.3 million from provinces who travel in ND and do not pay their fair share. My intent is to put something on record that forces them in to join.

SENATOR B. STENEHJEM This bill will create far more problems then we will get out of Canada.

SENATOR O'CONNELL If we move it to January 2001 what would your feelings be?

LEROY ERNST If they aren't in by 2001 we can address that issue at that time.

SENATOR THOMPSON If we go with something and put it on record and wait until the legislative session it will be another year we lose money.

SENATOR B. STENEHJEM We may need to go to August 1, 2001 and then next session we will have time to deal with it.

SENATOR COOK If we pass this bill will ND truckers going into Canada have to pay more money?

LEROY ERNST Yes, there will be a retaliatory action.

SENATOR B. STENEHJEM As this bill is currently written, would it affect agreements with other states?

LEROY ERNST Yes.

SENATOR SCHOBINGER Are all states in the IRP?

LEROY ERNST Yes.

SENATOR SCHOBINGER It shouldn't affect the agreements between the states because they are all in the IRP.

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Senate Transportation Committee
Bill/Resolution Number Sb 2308
Hearing Date January 28, 1999

MARSHALL MOORE The IRP applies to certain haulers but not to farmers. They have to apply to that other state's regulation. \$50 permits will take a lot of money and work.

SENATOR COOK I feel comfortable in changing the date to August 1, 2001.

SENATOR THOMPSON I move that we amend it to that if it affects the other reciprocity areas.

SENATOR O'CONNELL I second that.

Amendment passed with a voice vote.

SENATOR MUTCH If we don't leave things alone it will get worse. We've come a long ways.

SENATOR MUTCH I move for a Do Not Pass as Amended.

SENATOR COOK I second that motion.

A roll call vote was taken (4 Yeas, 3 Nays, and 0 Absent and Not Voting).

Senator Mutch will carry SB 2308.

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: SB 2308 Amendment to: _____

Requested by Legislative Council Date of Request: 1-20-99

- Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. .

Narrative:

It is anticipated that this bill will result in a revenue increase for the Highway Tax Distribution Fund as it requires non-resident truck owners to pay a fee to operate in North Dakota. They currently operate without paying fees under the provisions of reciprocity agreement. However, it is not possible to accurately estimate the revenue gain or administrative costs of this bill as it is not known how many non-resident trucks enter North Dakota under the terms of a reciprocity agreement. It is also not know how many trucks will circumvent North Dakota when they must pay a fee. It is also not known how soon non-International Registration Plan (IRP) jurisdictions will join IRP if their motor carriers must pay a fee to operate in North Dakota.

- State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						

What, if any, is the effect of this measure on the budget for your agency or department:

- For rest of 1997-99 biennium:
- For the 1999-2001 biennium: There would be an unknown amount of additional revenue available to match federal highway funds. If the DOT is responsible for administration of the provisions of the bill, the Motor Vehicle Division would need a budget enhancement of an unknown amount.
- For the 2001-03 biennium: Unknown

- County, city, and school district fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

Signed: Keith Kiser

Typed Name: Keith Kiser, Motor Vehicle Director

Department: Department of Transportation

Phone Number: 328-2725

Date Prepared: 1-26-99

2/12/99

PROPOSED AMENDMENTS TO SENATE BILL NO. 2308

Page 1, line 2, remove "and" and after "penalty" insert "; and to provide an effective date"

Page 1, line 7, replace "registration" with "agreements dealing with highway registration fees"

Page 1, after line 13, insert:

"SECTION 2. EFFECTIVE DATE. This Act becomes effective on August 1, 2001."

Renumber accordingly

Date: February 11, 1999

Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2308

Senate Transportation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken As Pass As Amended

Motion Made By Sen. O'Connell Seconded By Sen Thompson

Senators	Yes	No	Senators	Yes	No
Sen. B. Stenehjem-Chairman	X				
Sen. R. Schobinger-V. Chair	X				
Sen. Duane Mutch		X			
Sen. Dwight Cook		X			
Sen. David O'Connell	X				
Sen. Vern Thompson	X				
Sen. Dennis Bercier					

Total (Yes) 4 No 2

Absent 1

Floor Assignment Sen. Thompson

If the vote is on an amendment, briefly indicate intent:

Date: February 12, 1999

Roll Call Vote #: 2

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2308

Senate Transportation Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken Do not pass as amended

Motion Made By Sen. Mutch Seconded By Sen. Cook

Senators	Yes	No	Senators	Yes	No
Sen. B. Stenejem-Chairman	X				
Sen. R. Schobinger-V. Chair	X				
Sen. Duane Mutch	X				
Sen. Dwight Cook	X				
Sen. David O'Connell		X			
Sen. Vern Thompson		X			
Sen. Dennis Bercier		X			

Total (Yes) 4 No 3

Absent 0

Floor Assignment Senator Mutch

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2308: Transportation Committee (Sen. B. Stenehjem, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (4 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). SB 2308 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "and" and after "penalty" insert "; and to provide an effective date"

Page 1, line 7, replace "registration" with "agreements dealing with highway registration fees"

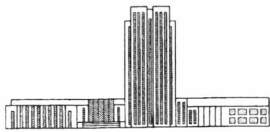
Page 1, after line 13, insert:

"SECTION 2. EFFECTIVE DATE. This Act becomes effective on August 1, 2001."

Re-number accordingly

1999 TESTIMONY

SB 2308



NORTH DAKOTA SENATE

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Senator Vern Thompson
District 12
111 East B Street
Minnewaukan, ND 58351-0025

Minority Caucus
Chairman
COMMITTEES:
Industry, Business
and Labor
Transportation

SB 2308

Mr. Chairman and members of the committee, I am sponsoring SB 2308 because of concern for an imbalance in registration fees by trucks from Canadian provinces. Trucks from Canadian provinces travel many miles in our state and we need to make sure everyone pays their fare share in registration to help pay for repair of our highway road system.

SB 2308 will allow North Dakota to charge trucks that do not belong to the International Registration Plan, \$50 per trip or \$500 per year until their home state or providence joins the International Registration Plan.

The International Registration Plan (IRP) is a program where truckers who are based in states and provinces that belong, pay registration fees based on miles traveled in each state or providence. The International Fuel Tax Agreement (IFTA) is run the same way very successfully.

In 1993, the Governor entered into an agreement with Manitoba, Quebec and Ontario. This agreement did away with the collection of operating fees for truck traffic crossing the Border. The result was a dramatic increase of Canadian truck traffic into our state and a revenue loss of well over \$1.3 million per biennium. Though well intended, the agreement is costing North Dakota taxpayers for added upkeep of wear and tear on our road system. The provinces who do not belong tell us they will be joining the IRP in coming years. My concern is the fact that North Dakota has lost millions of dollars in the process while patiently waiting for them to join. What incentive have they had to join. When you look at the miles traveled by each trucker in these provinces it doesn't appear there is much motivation. I listed miles traveled in 1997 by some of these truck carriers.

Manitoba Carrier miles in North Dakota	31,935,230
Ontario Carrier miles in North Dakota	5,296,779
Quebec Carrier miles in North Dakota	770,565
North Dakota Carrier miles in Manitoba	3,864,599
North Dakota Carrier miles in Ontario	362,624
North Dakota Carrier miles in Quebec	74,794

When we are looking for added revenue to match the Federal commitment for funding our roads, this continued lost revenue could come in handy. Some may call this protectionist type legislation. I call this proposal, fairness until all these provinces belong to the IRP and pay their fare share to shave our state road system.

I ask your favorable consideration, and would be happy to answer any questions.