

**2011 HOUSE TRANSPORTATION**

**HCR 3038**

# 2011 HOUSE STANDING COMMITTEE MINUTES

## House Transportation Committee Fort Totten Room, State Capitol

HCR 3038  
02/17/2011  
Job #14675

☐ Conference Committee

Committee Clerk Signature

*Jeanette Cook*

### Explanation or reason for introduction of bill/resolution:

HCR 3038 is a concurrent resolution directing the Legislative Management to study transportation funding options.

### Minutes:

Attachment #1

**Representative Owens, District 17 from Grand Forks**, introduced HCR 3038 and provided a chart of the Highway Account Balance. See attachment #1.

**Representative Owens:** We are dealing with the Highway Trust Fund, and the fact that it went into a deficit, and we have been funding it at the federal level out of general taxes. Part of this is due to greater fuel efficiency and even electric cars. We pay for it with a gas tax, and the new vehicles buy less fuel or no fuel at all, and they still operate on the highway. So, they are contributing less or not at all, and we have seen a decline not only at the federal level, but also in the state revenues. As early as 2006 President Bush warned Congress about the shortfalls that were coming. Nothing was done. February 2007 Bush again warned Congress, and they didn't do anything. For the past three years the Department of Federal Highways have been warning Congress, and they still haven't done anything. In early 2008 the President and the Department warned Congress again. At that time Secretary Peters even laid out a mid and long term fix. But, as you may be aware in 2009 the current Transportation Equity Act ran out, and we are on our sixth continuing resolution, and there has not been a new Equity Act. We keep funding this thing to the point of \$8 billion, \$16 billion, and \$34 billion out of general taxes. In September 2008 the Highway Fund took in \$2.7 billion in one month. The problem was that the reimbursement requests from all the states were \$4.4 billion. That problem still exists. We can look at innovative funding options, which I am suggesting the state does now. There are several different options on the vehicle mile tax. A little black box would be added to your car. Instead of paying a gas tax, you would pay a per mile tax. You could pay it annually. There are flaws in these systems. In every case there are concerns about privacy, which the industry is ignoring. They have tested this, but what happens in every case is that someone driving a small economical car would pay the same in tax as someone driving a large luxury car. If we are truly focused it should be a stepped approach. They do not know how the process will work in the end.

**Representative Weisz:** The whole point of looking at different methods of taxing is that the fuel efficient vehicles are not generating gas tax. So, now you are recommending the same set up by suggesting that those with high fuel economy will pay less tax. It doesn't mean that they do less damage to the road, or that they tie up the road any less. If the idea is to fund the infrastructure, why would we charge the small car less?

**Representative Owens:** I wasn't actually recommending that, I was just pointing out what I believe is one of the flaws in the system. Your point is well taken. It is about the number of miles on the road and the damage on the road, not the amount of gas that you buy or burn.

**Representative R. Kelsch:** They can't be that far away from being able to do this. I receive a monthly report on my daughter's car. It can't be that difficult for the computers in the car to tell that information.

**Representative Owens:** You are absolutely right. All I am saying is that we need to look at all of this and be prepared for whatever direction we need to take based on what the federal government takes. The problem will be that the older cars will need to have equipment added to them if we switch completely to something like this.

**Representative Owens:** They will have equipment in the vehicles that will keep track of the miles driven.

**Vice Chairman Weiler:** On line 15 it says "excise value tax". What is that?

**Representative Owens:** That is a tax that would go away from weights and go strictly to value of a vehicle. It would be almost like a sales tax that you would pay every year, but it would be called an excise tax. It is another option. This would not be to replace gas tax, but to supplement it.

**Chairman Ruby:** Are these ideas for state funding, not federal?

**Representative Owens:** They are looking at all of these for the federal as well. My point is that we need to understand them because we may have to do something similar.

**Bob Fode,** North Dakota Department of Transportation spoke to support HCR 3038.

There was no further testimony on HCR 3038.  
The hearing on HCR was closed.

**Representative R. Kelsch moved a DO PASS** on HCR 3038 and to be placed on the Consent Calendar.

**Representative Delmore** seconded the motion.

**A roll call vote was taken. Aye 14 Nay 0 Absent 0**

**The motion passed.**

**Representative Owens will carry HCR 3038.**

Date: 2/17/11

Roll Call Vote #: 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 3038

House TRANSPORTATION Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By R. Kelsch Seconded By Delmore

Representatives	Yes	No	Representatives	Yes	No
Chairman Ruby	X		Representative Delmore	X	
Vice Chairman Weiler	X		Representative Gruchalla	X	
Representative Frantsvog	X		Representative Hogan	X	
Representative Heller	X		Representative Onstad	X	
Representative R. Kelsch	X				
Representative Louser	X				
Representative Owens	X				
Representative Sukut	X				
Representative Vigasaa	X				
Representative Weisz	X				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Owens

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

*Place on consent calendar*

**REPORT OF STANDING COMMITTEE**

**HCR 3038: Transportation Committee (Rep. Ruby, Chairman) recommends DO PASS and BE PLACED ON THE CONSENT CALENDAR (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HCR 3038 was placed on the Tenth order on the calendar.**

2011 SENATE TRANSPORTATION

HCR 3038

# 2011 SENATE STANDING COMMITTEE MINUTES

**Senate Transportation Committee**  
Lewis and Clark Room, State Capitol

HCR 3038  
March 31, 2011  
16244

☐ Conference Committee



## **Explanation or reason for introduction of bill/resolution:**

A concurrent resolution directing the Legislative Management to study transportation funding options.

## **Minutes:**

**Chairman Senator G. Lee** opened the hearing on HCR 3038.

**Representative Owens**, District #17, introduced HCR 3038. This is a study to investigate a multitude of opportunities to fund transportation. A study to help us fully understand what is in our future as far as funding. For the last six to eight years the Highway Distribution Fund at the Federal level has been flat and declining while miles traveled has been increasing. The Federal Government has actually had to pump billions of dollars into the fund because it was not sustaining itself. He pointed out that we are not a donor state we are a receiving state. We receive about two dollars for every dollar we send in. With their fund being so low, they are going to start looking at new alternatives at the Federal level which in turn causes us to consider what we may want to support or go in an alternative direction. What this resolution suggests is we look at alternatives ways of funding, including a vehicle mile tax, sales tax, excise value tax and public and private partnerships etc. He presented a study from the University of Iowa on "vehicle miles traveled" tax. See attached information #1. He personally doesn't like the vehicle mileage tax but it is one of the items that are being considered at the national level. He gave examples of more options. He pointed out that we need a study; to look at the alternatives.

**Mike Rud**, North Dakota Petroleum Marketers Association, testified in support of HCR 3038. We need to find a source of income. In the last figures that he saw the Federal Government was spending at a twenty percent rate higher than what is brought into the Federal Highway Trust Fund. He stated that we need to find different solutions. Mr. Rud offered their assistance to find the right process in order to keep our roads safe and keep taxes in line.

**Keith Magnusson**, ND League of cities, testified in support of the transportation study. Transportation funding is extremely important to cities and all of us. He said that we need to take a really close look at this and urged the committee to support this study.

**Scott Rising**, ND Soybean Growers Association, testified in support of HCR 3038. The issues that we have with infrastructure are not going to go away and the mechanisms that we have today to fund them are inadequate. He urged the committee to support the study.

**Sandy Clark**, ND Farm Bureau, said that they stand in support of HCR 3038. Transportation is important to the Ag Industry and we need to be able to get our products to market. We need to look at long term solutions. She said there was a legislature that said we need to have some type of trust fund setup for transportation so that we have money available every session. She suggested that idea might be considered in the study. She said Farm Bureau supports the study and offered their assistance in any way during that study process.

**No opposing testimony.**

**Senator Lee** closed the hearing on HCR 3038.

**Senator Nething** moved a **Do Pass**.

**Senator Nodland** seconded the motion.

Roll call vote: 6-0-0. **Motion passed.**

**Senator Nething** is the carrier.



Date: 3-31-11  
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HCR 3038

Senate \_\_\_\_\_ Committee \_\_\_\_\_

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☒ Do Pass ☒ Do Not Pass ☐ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Senator Nething Seconded By Senator Nodland

Senators	Yes	No	Senators	Yes	No
Senator Gary Lee	✓		Senator Tim Mathern	✓	
Senator Dave Oehlke	✓				
Senator Dave Nething	✓				
Senator George Nodland	✓				
Senator Margaret Sitte	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Nething

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

*Do Pass*

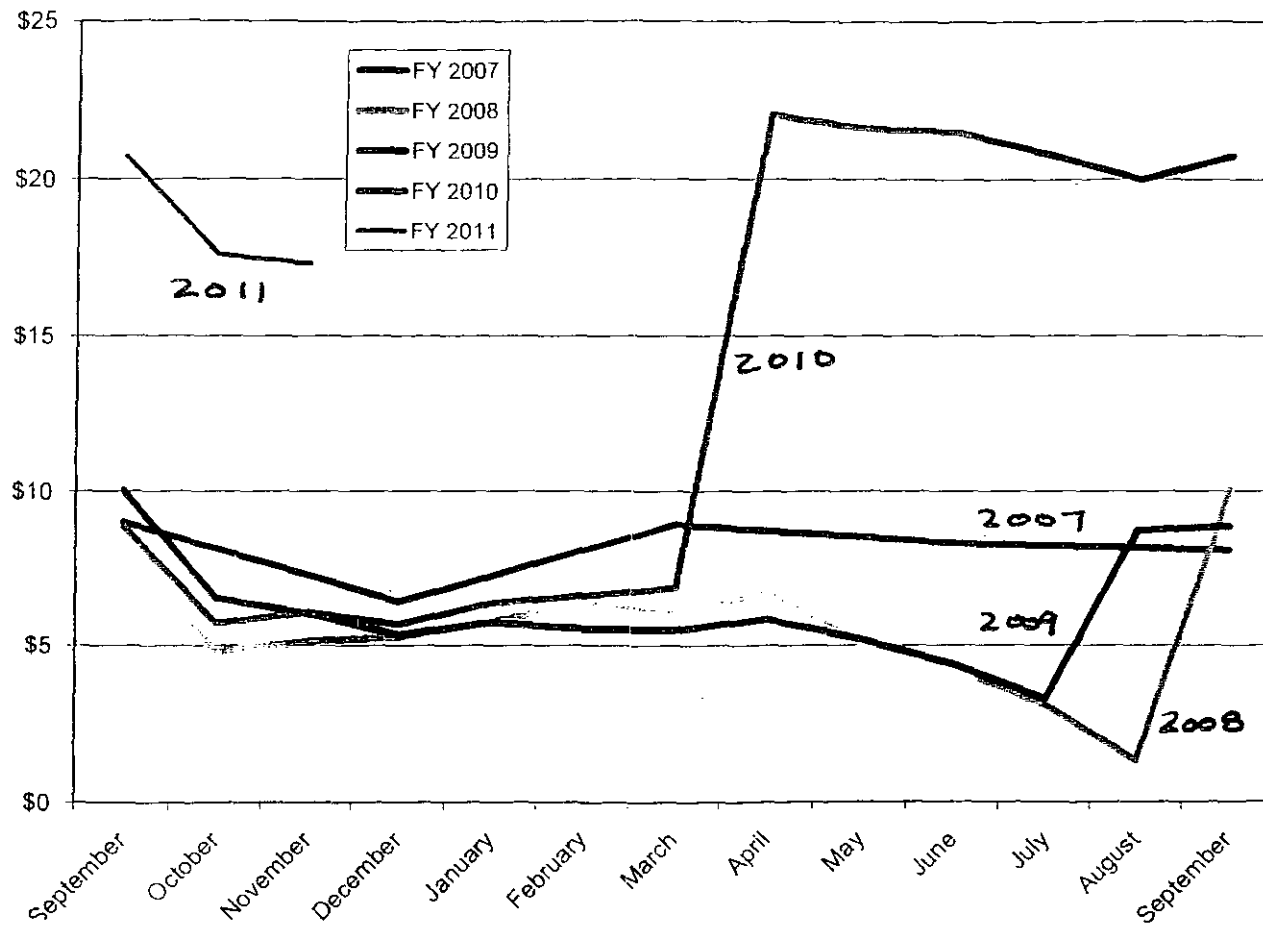
**REPORT OF STANDING COMMITTEE**

**HCR 3038: Transportation Committee (Sen. G. Lee, Chairman)** recommends **DO PASS**  
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HCR 3038 was placed on the  
Fourteenth order on the calendar.

**2011 TESTIMONY**

**HCR 3038**

Highway Account Balance  
(billions of dollars)



HB 3038  
#1

## UI STUDY: MOTORISTS COULD ACCEPT MILES-TRAVELED TAX

Posted March 17, 2011 11:33 am by [Dave DeWitte/SourceMedia Group News](#)

Iowa motorists may someday pay for highways based on mileage recorded from their vehicles each month by the government.

A \$14 million five-year study for the federal government by the University of Iowa to be released soon will show a VMT or "vehicle miles traveled" tax would likely be accepted by motorists, but has some serious cost and technical issues to overcome.

"If something like this was to move forward the privacy issues will always be there," said Paul Hanley, director of transportation studies for the UI Public Policy Center. "They're not insurmountable."

The vehicles of 2,500 motorists in 12 areas of the United States were equipped with a system that used GPS, a small data recorder, and a cellular data link to track their mileage and transmit it to the research team. The motorists were sent monthly statements indicating what their tax bills would have been.

"Once it's explained there's a GPS in there, they immediately think of tracking," Hanley said.

Only about 20 percent of participants began the study in favor of a VMT tax, with 80 percent opposed. By the end of the study, 70 percent were okay with a VMT tax, and only 9 percent were strongly opposed.

The government now collects taxes to pay for highways using state, federal, and even local taxes on each gallon of petroleum-based fuels sold. Iowa Gov. Terry Branstad expressed serious concerns about the future of that system last week as he appointed a study commission to look at alternatives to meet the state's underfunded highway needs.

"With more electrical cars and hybrids, the traditional way we've funded roads may not be the future," Branstad said. He said the future could also involve "entire fleets of trucks running on natural gas," a fuel not covered by motor fuel tax.

Oregon, Texas and other states are looking seriously at enacting VMT taxes for certain kinds of alternative fuel vehicles that avoid the existing motor fuel tax system. Such highway use taxes seem to be generating the most interest among states increasingly concerned about relying on motor fuel tax, according to Nancy Richardson, the retiring Iowa Department of Transportation Director who will co-chair the study committee.

Hanley said worries about privacy dissipated over the course of the study - the researchers recorded only the miles each vehicle traveled, and not their specific routes or location.

Worries remained, however, about whether the billings were accurate. Hanley said the researchers found some participants wanted daily accounts of their miles traveled on their monthly statements, suggesting careful tradeoffs would be needed between "privacy and auditability."

"They want proof," Hanley said. "Even though they say they want privacy protection, they want auditability. They don't trust the government to send them the right bill."

The researchers have been asked to present their findings at a congressional hearing, but are still awaiting follow-up questions from the United States Department of Transportation before completing their work.

Findings clearly indicate that the mileage tracking and recording system used in the study won't work on a nationwide scale. Hanley said the cellular service needed to transmit the data would be far too expensive at present rates.

The cost of deploying the equipment needed to track and transmit miles traveled in the existing vehicle fleet would also be a deal-killer, Hanley said. Having the systems installed as original equipment would significantly reduce the cost, Hanley said, and reduce the vulnerability of systems to tampering and fraud.

Hanley believes it's important the government get on with the deployment of VMT systems, if only on a limited basis, because it is likely that all the technical issues and user concerns won't be overcome until experience has been gained.

The need for a VMT tax could be delayed longer if political leaders were willing to address the need for higher motor fuel taxes, but in an era of high fuel prices and economic struggle, few states have been willing to take the political risk.

The motor fuel tax is a largely "invisible" tax, Hanley said. When the UI asked study participants how much they paid in highway taxes and how it was collected, most were clueless.

Hanley said a typical motorist traveling 15,000 miles per year would pay around \$250 per year in motor fuel tax in one of the higher-taxed states.

The motor fuel tax in Iowa totals 40.4 cents per gallon for regular unleaded gas, according to the American Petroleum Institute. The state portion is 19 cents for E10 ethanol blended gas and 21 cents for regular gas.

The study used hypothetical tax rates based on the fuel economy of the vehicle driven, ranging from 0.8 cents per mile for a vehicle getting 48 miles per gallon to 2 cents per gallon for a vehicle getting 12 miles per gallon.