



3/25/2019

RE: HB3031

RE: SB947

Testimony of Heather Hayes, Operations Manager

Tradewinds Transportation LLC, Albany, Oregon

Chair Jones, Chair Barker, and Committee Members:

Thank you for the opportunity to submit my testimony. My family has been delivering goods via truck since the early 1980's. In 2002 we started Tradewinds Transportation with 20 trucks and 25 employees. Today, we run 90 truck and trailer combinations throughout the US and employ/contract 120 people.

Since 2015, we have travelled 34.1 million miles delivering goods to communities throughout the US. In Oregon, trucking companies alone transport over 80% of the tons for freight that move within our state and service over 80% of Oregon's communities. The service that we provide is to deliver the very goods our communities need to survive and the cost to deliver these goods is the highest in the US.

Today Oregon is the leader of the highest highway use taxes on heavy trucks in the nation. Attached is a chart prepared by the American Transportation Research Institute showing costs for all states. Also attached is a current chart of all state gasoline and diesel fuel taxes. In 2017, Oregon passed HB2017 which increased Oregon's weight mile tax an overwhelming 53% over the next 8 years. Additionally, we have a new paid sick leave law, new state minimum wage increases and new equal pay law. Currently, HB2020 is also on the table which, if passed, is estimated to increase the cost of diesel by 15-20 cents per gallon, add to that the 1% payroll tax increase of HB3031 and then SB947 which requires employers to pay 100% of wages for up to 48 weeks. These existing and proposed cost increases are specific to the State of Oregon and they are having a detrimental impact on our industry. This is because the cost for me to operate as a carrier is significantly more than that of my competitors in neighboring states.

Trucking is a 2-4% margin of profit business, nominal changes to our cost structure can have a destructive impact on our business. In February 2019, we were offered an opportunity to be a national carrier for The Home Depot. Unfortunately, on February 15, 2019 I had to turn down that opportunity. After declining the bid, The Home Depot's Logistics Manager, Harshil Patel, called me from Atlanta, GA to encourage our management team to reconsider. We declined again and then later a 3rd time. Several managers from The Home Depot reached out because they didn't understand why our rates would not compete. The Home Depot's program required additional insurance and billing costs, they were aware of the cost impact on carriers and encouraged us to "just add the costs to our rates". Being an Oregon based carrier that wasn't possible. My high

operating costs caused my base rate to be above The Home Depot's benchmark rates so there wasn't any room for additional costs. Simply said, the high cost of being an Oregon carrier was a disadvantage and priced us out of the market.

Commercial carriers' produce revenue by delivering goods. These goods must be transported by a driver who carries a valid commercial driver's license. Our insurance requires that drivers have at least 2 years' experience to be hireable. The skillset for truck drivers is unique and the market is extremely tight. The average cost to replace a truck driver is \$7500.00 and temporary workers for this market just do not exist. HB3031 and SB947 dramatically inflate this already high turnover cost, will worsen equipment revenue loss and downtime. Since the cost of mandated paid wages are not chargeable to my customers, HB3031 and SB947 will result in significant financial losses that cannot be recouped.

What are impacts of HB3031 and SB947?

- HB3031 and SB947 will result in a loss of revenue to Oregon carriers.
- HB3031 and SB947 will force Oregon carriers to raise their rates placing them further above the national market average.
- HB3031 and SB947 will force carriers to say no to new contracts and opportunities for growth.
- HB3031 and SB947 will alter carrier costs, effect Oregon's economy and ultimately the cost of Oregon's goods.
- HB3031 and SB947 will raise Oregon's carrier costs heads and shoulders above any other state in the nation making Oregon the most to expensive state to operate a truck.
- HB3031 and SB947 will deter Oregon local business.

To conclude, Tradewinds Transportation, and our industry, simply cannot afford any significant or additional costs to continue to be a sustainable and efficient Oregon based employer and carrier. Saying yes to HB3031 and SB947 is saying no to Oregon trucking business.

This concludes my testimony. I ask that you oppose both HB3031 and SB947.

Thank you.



Annual State Highway User Taxes On A Typical 5-Axle Tractor-Semitrailer Combination

State	Annual Registration & Weight Fees ¹ (As of 4/2018)	State Ranking by Annual Registration & Weight Fees	Diesel Fuel Tax Rate (\$) ² (As of 7/2018)	State Ranking by Diesel Fuel Tax Rate	Fuel Tax on 16,000 Gallons	Third Structure Tax Rate (\$/mile)	Third Structure Tax on 100,000 Miles (\$)	Total Annual State Hwy User Fees (\$)	Federal Fuel, Heavy Vehicle Use, and Excise Taxes ³	Total State and Federal Hwy User Fees	State Ranking by \$ Total
North Carolina	\$1,623	26	0.351	12	\$5,616	-	-	\$7,239	\$8,906	\$16,145	23
North Dakota	\$1,018	43	0.230	37	\$3,680	-	-	\$4,698	\$8,906	\$13,604	43
Ohio	\$1,420	33	0.280	27	\$4,480	-	-	\$5,900	\$8,906	\$14,806	33
Oklahoma	\$1,001	45	0.190	46	\$3,040	-	-	\$4,041	\$8,906	\$12,947	48
Oregon	\$1,024	42	0.000	51	\$0	0.205	\$20,480	\$21,504	\$8,906	\$30,410	1
Pennsylvania	\$2,091	19	0.741	1	\$11,856	-	-	\$13,947	\$8,906	\$22,853	3
Rhode Island	\$1,056	41	0.330	16	\$5,280	-	-	\$6,336	\$8,906	\$15,242	29
South Carolina	\$820	48	0.208	41	\$3,320	-	-	\$4,140	\$8,906	\$13,046	47
South Dakota	\$1,467	30	0.300	21	\$4,800	-	-	\$6,267	\$8,906	\$15,173	31
Tennessee	\$1,461	31	0.254	31	\$4,064	-	-	\$5,525	\$8,906	\$14,431	38
Texas	\$1,065	40	0.200	44	\$3,200	-	-	\$4,265	\$8,906	\$13,171	45
Utah	\$2,872	10	0.294	24	\$4,704	-	-	\$7,576	\$8,906	\$16,482	20
Vermont	\$2,377	14	0.320	18	\$5,120	-	-	\$7,497	\$8,906	\$16,403	21
Virginia	\$1,362	34	0.243	32	\$3,888	-	-	\$5,250	\$8,906	\$14,156	39
Washington	\$2,067	20	0.494	3	\$7,904	-	-	\$9,971	\$8,906	\$18,877	7
West Virginia	\$2,754	12	0.357	11	\$5,712	-	-	\$8,466	\$8,906	\$17,372	14
Wisconsin	\$2,610	13	0.329	17	\$5,264	-	-	\$7,874	\$8,906	\$16,780	18
Wyoming	\$2,998	6	0.240	33	\$3,840	-	-	\$6,838	\$8,906	\$15,744	25

¹ The fees listed here are those changed in each state for the full annual registration of a tractor-semitrailer combination with a gross combined weight of 80,000 pounds, based in the state and operated by a for-hire motor carrier. Weight fees are included, but, unlike earlier versions of this chart, miscellaneous, nonapportioned fees are not included.

Semitrailer fees are annual fees, if the state charges one, even where a state also offers an option of multi-year plates for trailing equipment. Where no annual trailer registration is offered, the state's lowest multiyear fee is used.

In-lieu ad valorem fees are included for states that collect such a fee through IRP. Where the state charges an in-lieu fee for vehicles based elsewhere, and a property tax for those bases with it, the property tax is used. For these purposes, the combination is assumed to have a purchase price of \$145,000 (\$115,000 for the tractor and \$30,000 for the semitrailer) and to be in its first year of operation.

² The diesel fuel tax rates listed represent the total state or provincial fuel tax paid by motor carriers in each jurisdiction. Local taxes are not included, except where they are uniform statewide.

³ Federal taxes and fees include federal diesel tax paid on 16,000 gallons, heavy vehicle use tax on 80,000 pounds, excise tax paid on a combination unit with a purchase price of \$145,000 (amortized over 4 years) and excise tax paid on four new tires (assuming the other 14 are recapped).

<u>State</u>	<u>Tax Rate in ¢/Gallon</u>		<u>Notes</u>
	<u>Gasoline</u>	<u>Diesel</u>	
North Carolina	35.1	35.1	
North Dakota	23	23	
Ohio	28	28	
Oklahoma	19	19	
Oregon	34	0	[D taxed through weight-distance tax
Pennsylvania	57.6	74.1	[includes petroleum tax
Rhode Island	33	33	
South Carolina	20.75	20.75	[includes 0.75¢ clean-up fees paid at pump only
South Dakota	30	30	[includes 2¢ distributor tax, paid at pump only
Tennessee	26.4	25.4	[incl. 0.4¢ clean-up fee and 1¢ inspection fee, [at pump only
Texas	20	20	
Utah	29.4	29.4	
Vermont	30.8	32	[includes 2% sales tax and a clean-up fee
Virginia	24.3	24.3	[includes 7.5¢ surtax on G, 3.5¢ D, paid on report only; [0.6¢ clean-up fee paid at pump only
Washington	49.4	49.4	
West Virginia	35.7	35.7	[includes 5% sales tax
Wisconsin	32.9	32.9	[includes clean-up fee
Wyoming	24	24	[includes clean-up fee, paid at pump only
U. S.	18.4	24.4	[includes Underground Storage Tank tax

G : gasoline D : diesel, special fuels

CANADA

<u>Province</u>	<u>Fuel Tax Rate in ¢CN/Liter</u>		
	<u>Gasoline</u>	<u>Diesel</u>	
Alberta	19.73	21.03	[includes a "carbon tax" component
British Columbia	22.28	23.95	[includes a "carbon tax" component
Manitoba	14	14	
New Brunswick	15.5	21.5	[prov. sales tax add'l, paid at pump only
Newfoundland	20.5	21.5	[prov. sales tax add'l, paid at pump only
Nova Scotia	15.5	15.4	[prov. sales tax add'l, paid at pump only
Ontario	14.7	14.3	
Prince Edward Island	13.1	20.2	[composite qtrly rate; rate at pump can [change monthly
Quebec	19.2	20.2	[prov. sales tax add'l, paid at pump only
Saskatchewan	15	15	
Northwest Territories	10.7	9.1	
Yukon Territory	6.2	7.2	

This chart was compiled by the American Trucking Associations. It represents the total state or provincial fuel tax paid by motor carriers in each jurisdiction as of October 1, 2018. Local taxes are not included, except where they are uniform statewide. "Paid at pump only" refers to amounts not included in fuel use taxes paid through IFTA. "Paid on report" or "paid on report only" refers to amounts included in IFTA fuel use taxes.

**STATE AND PROVINCIAL MOTOR FUEL TAX RATES
FOR HEAVY VEHICLES
October 1, 2018**

<u>State</u>	<u>Tax Rate in ¢/Gallon</u>		<u>Notes</u>
	<u>Gasoline</u>	<u>Diesel</u>	
Alabama	19	20.75	[includes 0.75¢ wholesale tax D, [1 environmental fee G, D – all paid at pump only
Alaska	8.95	8.95	[includes 0.95¢ environmental fee
Arizona	19	27	[includes 1¢ clean-up fee, paid at pump only; [1¢ credit on D available by application
Arkansas	21.8	22.8	[includes 0.3¢ clean-up fee paid at pump only
California	50.023	70	[includes 2.25% sales tax G, 13% D
Colorado	22	20.5	
Connecticut	43.8	43.9	[incl. 8.1% wholesale tax, G only, currently 14.3¢
Delaware	23	22	
District of Columbia	23.5	23.5	
Florida	34.5	34.37	[incl. 6% sales tax, unif. local tax, clean-up fees
Georgia	26.3	30	
Hawaii	17.263	15.263	[includes 0.263 clean-up fee; D plus 4% sales tax [added at pump
Idaho	32	32	
Illinois	33.5	36	[includes 6.25% sales tax paid on report; 1.1¢ clean- [up fee paid at pump only
Indiana	48	48	[G includes 21¢ surtax, paid on report only
Iowa	31.7	33.5	[includes 1¢ clean-up fee, paid at pump only
Kansas	25	27	[includes 1¢ clean-up fee, paid at pump only
Kentucky	30.4	33.2	[includes 4.4¢ surcharge on G, 10.2¢ on D, [paid on report only; includes 1.4¢ tank fee, [paid at pump only
Louisiana	20	20	
Maine	31.45	31.87	[includes 1.45¢ G and 0.67¢ D clean-up fees, paid [at pump only
Maryland	35.3	36.05	
Massachusetts	24	24	
Michigan	40.175	44.275	[includes 6% sales tax paid on report and 0.875¢ [clean-up fee paid at pump only
Minnesota	28.5	28.5	
Mississippi	18.4	18.4	[includes 0.4¢ clean-up fee paid at pump only
Missouri	17	17	
Montana	32.25	30	[includes 0.75¢ clean-up fee paid at pump only
Nebraska	28.9	28.3	[includes clean-up fees, 0.9¢ G, 0.3¢ D, paid at pump only
Nevada	23.81	27.81	[includes 0.75¢ inspection fee, paid at pump [only, and clean-up fee
New Hampshire	23.825	23.825	[includes 1.625¢ in clean-up fees paid at pump only
New Jersey	41.4	48.5	[includes petroleum tax
New Mexico	18	22	[includes 1¢ load fee paid at pump only
New York	41.25	39.45	[includes 8¢ sales tax, and petroleum tax, paid on report; [clean-up fees of 0.35¢ G and 0.3¢ D, paid at pump only