



**Before the Joint Committee On Transportation  
House Bill 2020, -31 Amendment  
April 1, 2019**

Testimony of Jana Jarvis, President  
Oregon Trucking Associations

First, I would like to thank the Committee for allowing me to testify this afternoon. House Bill 2020-31 is an extremely significant piece of legislation with huge potential impacts on Oregon's trucking industry and Oregon's economy.

Our review of HB 2020-31 indicates that the bill continues to be primarily a Cap and Trade system for the transportation sector as most other sectors are either exempt or are provided free allowances. This is a concern for us as we see our costs going up significantly under this bill. This is also a concern for our state as Oregon's trucking industry currently transports over 80% of the tons of freight in Oregon and we alone provide freight service to more than 80% of Oregon's communities. Any significant increases in our cost structure will have negative impacts throughout Oregon's economy.

Like most trade associations, the Oregon Trucking Associations evaluates new legislation through a lens of foundational principles. Our number one principle is to preserve Oregon's State Highway Trust Fund found at Article IX, Section 3(a) of Oregon's Constitution. We have and will continue to vigorously oppose any attempts to compromise this very important constitutional provision. Recent polling indicates that nearly two-thirds of Oregon registered voters support depositing Cap and Trade revenues, collected on on-highway fuels, in Oregon's Highway Trust Fund.

Section 87 of the amendment establishes an expedited review process by the Oregon Supreme Court to determine if the bill imposes a tax that is subject

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Supreme Court can be filed by anyone interested, affected or aggrieved by application of the Highway Fund requirements pertaining to funds generated under this bill. However, a petition filed under this section must be filed within 60 days of the effective date of the bill. This is long before the Cap and Trade system is fully developed by the Carbon Policy Office. Because no projects will have been selected, the Court would have to speculate as to what might happen in the future. We believe that the intent of this section is to weaken or invalidate the Constitutional Highway Trust Fund provision. If this provision remains, we have no choice but to oppose the bill and we hope you will too.

I note in passing that construction of projects that reduce traffic congestion would also reduce carbon emissions. These projects can legitimately be funded with Highway Trust Fund dollars.

Another foundational principle of the Oregon Trucking Associations is to allow our members to realistically compete with other trucking companies many of which are located in other states. This means that our cost of doing business in Oregon must be relatively the same as out of state trucking companies operating here.

It is estimated that House Bill 2020 will initially increase the cost of diesel fuel by 15 to 20 cents per gallon depending on the floor price established for allowances. The cost will continue to increase as the Carbon Policy Office establishes new floor prices for future years. Under Oregon's constitutionally required system of Highway Cost Allocation, the trucking industry would have to pay roughly 4 times the amount paid by automobile users. This level of cost increase is very difficult for the trucking industry to contemplate.

Today, Oregon has the highest highway use taxes on heavy trucks in the nation. A typical truck operating in Oregon pays approximately \$30,410 per year in Oregon State and federal highway use taxes. California is a distant number two at \$23,030. Attached is a chart prepared by the American Transportation Research Institute showing the costs for all states. Also attached is a current chart of all state gasoline and diesel fuel taxes.

That's not the end of the story, as you know only too well during the 2017 session of the Oregon Legislature; we supported House Bill 2017 that increased Oregon's weight mile tax on trucks by 53% over 8 years. While

this level of investment is absolutely essential for Oregon's highways, streets and bridges, it will ensure that Oregon retains the dubious distinction of having the highest highway use taxes on heavy trucks for many years to come. **Simply put, Oregon's trucking industry cannot bear any significant additional costs or there may no longer be an effective and efficient Oregon trucking industry.**

Our further review of HB 2020-31 indicates that it is most remarkable for what it does not contain rather than what is within its pages. First, we believe that Oregon must replace the existing weight mile tax on heavy trucks with a diesel fuel tax just like every other state in the nation. Of course, this conversion needs to be revenue neutral so that the Highway Trust Fund is fully protected and cost responsible so that heavy trucks pay their fair share in relation to cars and other light vehicles.

Another basic tenant of the Oregon Trucking Associations is to avoid the stacking of expensive government programs designed to accomplish the same purpose. For example, Oregon already has a Low Carbon Fuel Standard that is designed to reduce the carbon content of transportation fuels over time. Cap and Trade would be duplicative or in other words, stacked on top of the existing Low Carbon Fuel Standard. It is unreasonable to expect on-road transportation fuel users to pay twice for the reduction of the same carbon emissions.

We believe that Cap and Trade is a better market-based option to reduce carbon emissions in Oregon. We would suggest that you repeal the Low Carbon Fuel Standard when Cap and Trade is enacted. Another option would be to delay implementation of Cap and Trade until the Low Carbon Fuel Standard has met its statutory goals. This is similar to the approach used by California where they delayed bringing transportation fuels under their Cap and Trade system for 5 years.

HB 2020-31 currently does not contain any reasonably effective cost containment provisions to protect consumers from unforeseen price spikes and possible reductions in the availability of transportation fuels. (Section 22(5)(c) does allow the Carbon Policy Office to set a hard price ceiling.) You may be aware that some European countries suspended their Cap and Trade systems during the recent Great Recession because of the adverse impact on their economies and citizens.

In 2017, this Legislature added significant cost containment provisions to Oregon's Low Carbon Fuel Standard including program suspension if the program does not perform as expected. It just seems prudent to include similar provisions in this legislation.

There are a couple of provisions in HB 2020-31 that we think improves the bill. First, we very much appreciate the new role of the Oregon Transportation Commission in the selection of transportation projects funded by revenues in the Transportation Decarbonization Investments Account. The bill also subjects expenditures from this account to the provisions of Article IX, Section 3a. However, finding projects that meet all of the criteria presently outlined in Section 33 and those to be established by the Carbon Policy Office could be a significant challenge.

We also appreciate that the bill now appears to recognize that it may be unwise to increase the transportation costs of some motor vehicle fuel users. Section 94 requires ODOT and the Department of Revenue to conduct a study to provide refunds for the increased costs imposed by Cap and Trade on low income Oregonians and users of off road motor vehicle fuel in the agriculture and natural resource sectors. However, as you might expect we believe that this section of the bill does not go far enough. Refunds should also be considered for the trucking industry because of our significant impact across all of Oregon's economy. If for some reason the Legislature does not wish to extend this privilege to the entire trucking industry, it should absolutely consider allowing small trucking companies to obtain refunds as our smaller companies will have a far more difficult time absorbing the increased costs.

Thank you. This concludes my prepared testimony. I would be happy to answer any questions.

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

State	Annual Registration & Weight Fees <sup>1</sup> (As of 4/2018)	State Ranking by Annual Registration & Weight Fees	Diesel Fuel Tax Rate (\$) <sup>2</sup> (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 <sup>3</sup>	Total State and Federal Hwy User Fees	State Ranking by \$ Total
Alabama	\$836	47	0.208	41	\$3,320	-	-	\$4,156	\$8,906	\$13,062	46
Alaska	\$351	50	0.090	50	\$1,432	-	-	\$1,783	\$8,906	\$10,689	51
Arizona	\$4,202	2	0.270	29	\$4,320	-	-	\$8,522	\$8,906	\$17,428	12
Arkansas	\$1,573	29	0.228	38	\$3,648	-	-	\$5,221	\$8,906	\$14,127	40
California	\$2,924	8	0.700	2	\$11,200	-	-	\$14,124	\$8,906	\$23,030	2
Colorado	\$4,974	1	0.205	43	\$3,280	-	-	\$8,254	\$8,906	\$17,160	16
Connecticut	\$1,586	27	0.439	6	\$7,024	-	-	\$8,610	\$8,906	\$17,516	11
Delaware	\$1,430	32	0.220	39	\$3,520	-	-	\$4,950	\$8,906	\$13,856	41
Washington D.C.	\$2,758	11	0.235	36	\$3,760	-	-	\$6,518	\$8,906	\$15,424	28
Florida	\$1,336	35	0.344	13	\$5,499	-	-	\$6,835	\$8,906	\$15,741	26
Georgia	\$1,012	44	0.300	21	\$4,800	-	-	\$5,812	\$8,906	\$14,718	35
Hawaii	\$970	46	0.153	49	\$2,442	-	-	\$3,412	\$8,906	\$12,318	50
Idaho	\$3,400	4	0.320	18	\$5,120	-	-	\$8,520	\$8,906	\$17,426	13
Illinois	\$3,210	5	0.360	10	\$5,760	-	-	\$8,970	\$8,906	\$17,876	10
Indiana	\$2,339	15	0.480	4	\$7,680	-	-	\$10,019	\$8,906	\$18,925	6
Iowa	\$1,725	25	0.335	14	\$5,360	-	-	\$7,085	\$8,906	\$15,991	24
Kansas	\$2,315	16	0.270	29	\$4,320	-	-	\$6,635	\$8,906	\$15,541	27
Kentucky	\$2,125	18	0.332	15	\$5,312	0.029	\$2,850	\$10,287	\$8,906	\$19,193	5
Louisiana	\$514	49	0.200	44	\$3,200	-	-	\$3,714	\$8,906	\$12,620	49
Maine	\$4,002	3	0.319	20	\$5,099	-	-	\$9,101	\$8,906	\$18,007	9
Maryland	\$1,877	22	0.361	9	\$5,768	-	-	\$7,645	\$8,906	\$16,551	19
Massachusetts	\$1,920	21	0.240	33	\$3,840	-	-	\$5,760	\$8,906	\$14,666	37
Michigan	\$2,292	17	0.436	7	\$6,972	-	-	\$9,264	\$8,906	\$18,170	8
Minnesota	\$1,773	23	0.285	25	\$4,560	-	-	\$6,333	\$8,906	\$15,239	30
Mississippi	\$2,927	7	0.184	47	\$2,944	-	-	\$5,871	\$8,906	\$14,777	34
Missouri	\$1,727	24	0.170	48	\$2,720	-	-	\$4,447	\$8,906	\$13,353	44
Montana	\$1,296	36	0.300	21	\$4,800	-	-	\$6,096	\$8,906	\$15,002	32
Nebraska	\$1,281	37	0.283	26	\$4,528	-	-	\$5,809	\$8,906	\$14,715	36
Nevada	\$2,896	9	0.278	28	\$4,450	-	-	\$7,346	\$8,906	\$16,252	22
New Hampshire	\$1,091	39	0.238	35	\$3,812	-	-	\$4,903	\$8,906	\$13,809	42
New Jersey	\$1,255	38	0.442	5	\$7,072	-	-	\$8,327	\$8,906	\$17,233	15
New Mexico	\$185	51	0.220	39	\$3,520	0.044	\$4,378	\$8,083	\$8,906	\$16,989	17
New York	\$1,581	28	0.395	8	\$6,312	0.039	\$3,900	\$11,793	\$8,906	\$20,699	4





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

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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

<sup>1</sup> The fees listed here are those charged 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.

<sup>2</sup> 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.

<sup>3</sup> 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