



Testimony of Heather Hayes, Operations Manager
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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.

Our sustainability efforts are evident. We have been a partner carrier of the Environmental Protection Agency SmartWay Program since 2010. We run late-model equipment to improve our operating efficiency and to reduce our carbon footprint. Our diesel consumption is reduced with lightweight, speed-governed equipment and low-rolling resistance tires. Our equipment has also reduced greenhouse gases with improved aerodynamics and the latest in hot/cold air technologies to reduce vehicle idling. This is a testament to our commitment to deliver excellence without compromising the safety and health of our employees and community. We are not the largest carrier but we service many of the largest suppliers in the nation. We transport building materials for homes, hospitals, airplanes, and hotels, as well as farm supplies, non-perishable food items and household goods. The services for these suppliers are dedicated and contracted for periods of 1-3 years. Majority of our contracts have renewed multiple time since we began business in 2002. We are proud to be committed to safety and, as a testament to our commitment, we have been recognized and awarded multiple times for our outstanding achievements in highway safety.

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 of freight that move within our state lines and service over 80% of Oregon's communities. The service 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.

Oregon is a leader of the highest highway use tax in the nation. Oregon carriers pay approximately \$30,000 annually, where, distant at number 2, California carriers pay approximately \$23,000 annually. In 2017, Oregon passed HB2017 which increased Oregon's weight mile tax an overwhelming 53% over the next 8 years. Carriers have been bombarded with many additional costs in recent years ranging from increased equipment costs, mandated technology costs, mandated labor benefit costs, and labor-wage cost increases. The large majority of these cost increases are specific to the State of Oregon. This means that the cost for me to operate as a carrier is more than that of my competitors nationally or even those in neighboring states.

Trucking is a 2-4% margin of profit business, nominal changes to our cost structure can have a detrimental 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.

It is estimated that HB4167 will increase the cost of diesel 15 to 20 cents per gallon. While we do charge a fuel surcharge, the majority of customers mandate their own fuel surcharge using the Department of Energy's average of their choice. This means that if my fuel cost increases it is not an option to add that cost to my fuel surcharge. I also cannot add the cost to my contracted rates, as mentioned above many of my contracts are 1-3 years long. Finally, freight bids in our industry are blind bids. If accepted, they are then tendered to the lowest bid first. Since our competitors are national carriers from states with lower costs, we can, and we have, lost multi-million dollar contracts because we were as little as \$0.01-\$0.02 per mile higher than a competitors bid.

What are cost impacts of HB4167?

- HB4167 will increase operating costs, again, for Oregon carriers.
- HB4167 will force Oregon carriers to raise their rates placing them further above the national market average.
- HB4167 will force carriers to say no to new contracts and opportunities for growth.
- HB4167 will alter carrier costs, effect Oregon's economy and, like CAT Tax, will ultimately the inflate cost of Oregon's goods.
- HB4167 will raise Oregon tax heads and shoulders above any other state in the nation making Oregon the most expensive state to operate a truck.
- HB4167 will grossly penalize an industry that doesn't have a viable alternate technology option available.
- HB4167 will deliver a billion-dollar loss to the Highway Trust Fund putting the maintenance and safety of Oregon's road infrastructure, and our motoring public, at risk.

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 HB4167 is saying no to Oregon trucking business - the very business doing a undervalued job delivering Oregon communities the essentials they need to survive.

See attachments for reference:

* A chart prepared by the American Transportation Research Institute showing the costs for all states.

*Current chart of all state gasoline and diesel fuel taxes.

This concludes my testimony. 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