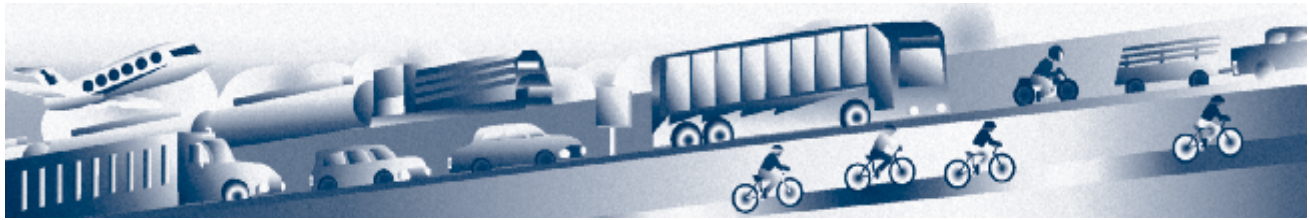


FORUM ON TRANSPORTATION INVESTMENT

6TH MEETING

DRAFT RECOMMENDATIONS

NOVEMBER 1, 2005



FORUM ON TRANSPORTATION INVESTMENT

DRAFT RECOMMENDATIONS

MINUTES

Additional documents not included in these minutes:
[agenda 110105-final.doc](#), [sign in-members.doc](#), [sign in-audience.doc](#)

November 1, 2005 – 9:00 AM to 4:00 PM
Holiday Inn, 3300 S Vista Ave., Boise, Idaho

Welcome and Introductions – Jim Kempton, Chair

Jim welcomed all attending (36 members, 22 audience) and asked them to introduce themselves.

Approval of September 13, 2005 Meeting Minutes

Dixie Reid moved and Tom Dale seconded to approve the minutes of the September 13, 2005 minutes as written. The motion for approval carried.

Meeting #6 Objectives – Jim Kempton, Chair, [Meeting 6 Objectives.ppt](#)

Jim noted that this additional meeting's objectives are as follows: Recap the difference between transportation "wants" and "needs;" Achieve consensus around the draft recommendations as to the transportation needs in Idaho including perceptions and assumptions in the planning process; and Achieve consensus around the draft recommendations as to the financial tools and revenue sources necessary to address these needs. The original fourth objective for this meeting – "Achieve consensus regarding possible promotion, endorsement, and other public advancements of the FTI's recommendations" has been moved to Meeting #8. No dissension was voiced and the 6th meeting objectives were accepted.

Clarify Inflation Impact – Jim Kempton, Chair, [Gas & Special Fuels Revenue.ppt](#), [Gas & Special Fuel-handout.doc](#)

Jim reviewed charts illustrating the gasoline and special fuels revenue and their net proceeds to the Highway Distribution Account for the period covering 1986 through 2005. Slide 3 illustrates that the Idaho fuel tax per gallon compared to the fuel tax revenue received at first increased, but then during the past several years has leveled off. The projected shortfall in revenue for the transportation system is not contrived, but based on linear estimates that use historical models.

In 1976, the Idaho Legislature set the fuel tax rate at 8.5¢; in 1981 at 11.5¢; in 1982 at 12.5¢; in 1983 at 14.5¢; in 1988 at 18¢; in 1991 at 21¢; and in 1996 at the current 25¢ per gallon. The fuel tax rate was increased 3 times in 5 years, raising the rate from 14.5¢ to 21¢; however since 1996, the fuel tax rate has remained the same (25¢ per gallon). Over the last twenty years, the fuel tax rate has only increased 17¢.

Why has there been no increase in the fuel tax rate during the past ten years? Several factors come into play. Federal revenue during these years has been very stable and sufficient to cover much of the capital improvements, but the SAFETEA-LU apportionment will increase at a much slower rate and by 2007-2009, federal revenue will decrease.

Jim compared the average annual vehicle miles traveled (AAVMT) and National Highway Construction Cost Index (NCCI) to estimate an indexed Idaho fuel tax. An indexed rate for the year 2000 indicates a tax at 31.3¢ per gallon and in 2005, a tax of 37.6¢. Jim noted that these estimates are probably conservative and even if fuel tax is indexed, the revenue generated from the increase will not totally fund projected capital improvement needs. Fuel tax is not the sole answer for funding Idaho's transportation system. The wants and needs of any transportation system are based on revenue generation. Idaho's transportation system faces a significant funding shortfall and major decisions about what is the best source of revenue generation are needed.

By using a higher percentage of federal funds, other parts of the Idaho transportation system have suffered. Federal funds are formulated to address specific goals (interstate system, air quality, etc.). The reduction in state funds from the 25¢ fuel tax for the last ten years has reduced revenue for local highway jurisdictions. Some jurisdictions are facing major loss of revenue.

Priorities and Themes Review – Lisë Stewart, [Priorities and Themes Review.ppt](#)

Lisë reviewed the transportation priorities the Members developed at the April meeting – Safety, Land Use Linked to Transportation System, Long-Term Planning and Growth, and Cost Benefit. She suggested the following guiding principle be added to the beginning of the recommendations to capture the Forum’s priorities.

When considering transportation policies, methods for revenue generation, and infrastructure projects, the following priorities shall be used.

- *SAFETY -- Ensure safety and security in travel by decreasing the risk of injury or property damage on, in, and around transportation facilities.*
- *LAND USE LINKED TO TRANSPORTATION SYSTEM -- Protect Idaho's environment and natural resources by making investments that are not only sensitive to the environment, but also provide and encourage environmentally beneficial transportation choices.*
- *LONG-TERM PLANNING AND GROWTH (coordinated plans) -- Enhance the quality-of-life in our communities through transportation. Relieve congestion to ensure the smooth flow of people and goods throughout the entire system. Broaden transportation opportunities and essential services for those who cannot or choose not to drive.*
- *COST BENEFIT – Ensure Idaho's continued economic competitiveness by providing a safe, reliable, and efficient transportation system of roads, bridges, public transportation, aviation, rail, and ports. Facilitate the efficient movement of goods using all modes of transportation.*

Lisë then went on to report the preferred revenue options as voted upon by the Forum Members to determine trends of consensus, [Revenue Options as Voted-handout.doc](#).

The top options were:

Votes	Item
26	Increase Vehicle Registration Fees
24	Increase Fuel Tax
20	Impact Fees for development (both local and regional)
20	Eliminate Ethanol Exemption
16	Dedicated Sales Tax on Car Rentals
16	Index All Fees
16	Public-Private Partnerships
15	Local Option Sales Tax
15	Index Vehicle Registration
12	Local Option Fuel Tax
11	Index Fuel Tax
9	Dedicated Sales Tax on Transportation Related Sales
8	Tire Fees/Taxes
8	Toll Roads & Bridges

The group agreed that several items on the list appeared to be linked; Increase Vehicle Registration Fees (26 votes) and Index Vehicle Registration (15 votes) and Increase Fuel Tax (24 votes) and Index Fuel Tax (11 votes) were very similar. Members agreed that these items could be combined.

What Have We Learned – Transportation Findings – Tom Warne/Lisè Stewart

Tom stated that “Predictions wouldn’t be so hard if they weren’t in the future”. The Forum’s meetings started in September, 2004 and now more than a year later we are being asked to make recommendations for the Idaho Transportation Board. To give a quick review, let’s look at past meeting presentations and information gathered from them. [What We Learned Presentation-TW.ppt](#)

In meeting one:

John Luthy’s “The Situation Slide” and the “Idaho Population Growth” reported that population growth in Idaho is twice the national rate. Idaho’s growth is predicted to be 56% from 2000 to 2030, well above the national average.

John Horsley, Executive Director, AASHTO, reported that Boise was the 7th fastest growing city in the nation. Nationally, each year \$92 billion is needed to maintain the transportation system (over \$125 billion is needed to improve). The overall quality of the transportation infrastructure is declining at a rate of 8-10% per year. Other states are raising fuel tax, dedicating funds for bridges, and using various bonding methods to fund their transportation needs.

In meeting two:

Steve Moreno, Federal Highway Administration, discussed the future of the Highway Trust Fund — 90% comes from fuel tax. The nation’s transportation infrastructure is deteriorating. Currently, federal funding is 22% of the total transportation expenditure, but federal funds are shrinking. Transit funding will become very competitive as federal funds dwindle.

Byron Keely, Local Highways Technical Assistance Council, reported that local highway mileage is 33,250, with only 5,336 miles eligible for federal-aid. Local Highway funding is \$354,226,465. The lane miles, bridges, etc., continue to increase and the funding burden for local jurisdictions is growing astronomically.

Pam Lowe, Idaho Transportation Department, talked about the way funds are distributed to the transportation budget and how it gets distributed to the local governments, state police and Idaho Transportation Department. She also addressed how the demand (vehicle miles traveled) is outpacing the generated revenue (fuel usage and fuel tax revenue).

Bill Hayden, Arizona Department of Transportation, reviewed how the Phoenix area in 1985 approved funding initiatives to upgrade the transportation infrastructure by generating \$6.5 billion for needed projects. Recently, similar funding initiatives were approved for more transportation projects.

In the third meeting:

Dwight Bower, H. W. Lochner, covered Idaho’s Projected Surface Transportation Capital Improvement Needs (2005-2035) that estimate a need of \$20 billion in the next 30 years. The estimates were calculated in 2005 dollars. The report revealed that the state system, including interstates and state highways projected over \$12 billion in needs, local jurisdictions projected needs of over \$6 billion, and public transit with over \$1 billion.

Dave Ekern, Idaho Transportation Director, reviewed the recently passed GARVEE legislation and the proposed bonding that will be used for improvement projects.

Mary Barker, Director for the Community Transportation Association of Idaho, covered the benefits of public transit to Idaho citizens and shared the dilemma public transportation providers have because of no dedicated statewide funding for transit. She indicated that some local entities have problems providing local matching funds for existing federal transit funds, although recent federal changes allow the local match rate to drop from 80/20 to 50/50. Funding remains the key for public transportation in Idaho.

Matt Stoll, Director of COMPASS, discussed the Communities in Motion, a 25-year 6-county transportation and growth plan. Land use, transportation, and numerous other issues are being reviewed by this group.

Scott Ellsworth, CH2MHill, on behalf of the Idaho Highway Users, reviewed that the personal vehicle is the preferred mode of travel, congestion rates are increasing (26% of Idaho’s major urban roads are congested), and roadway conditions (25% in poor condition) and bridges (18% are structurally deficient or functionally obsolete) have needs that should be addressed. Traffic on rural interstate increased 36%; trucks with 5 or more axles = 18% average daily traffic.

Rick Krochalis, Region 10 Administrator, Federal Transit Administration, presented that most states allocate 18% of the total funding spent in that state for transit. Currently Idaho has no statewide funding for public transportation.

In the fourth meeting:

Dwight Bower reported that the 30-year capital improvement needs compared to the expected revenue would have a funding shortfall estimated to be \$264.5 million per year.

Gary Maring, Cambridge Systematics, reported about that there is a gap between the national revenue stream coming in and the projected roadway need to maintain (\$38 billion) and/or improve (\$92 billion). The Highway Trust Fund (HTF) is experiencing a serious funding decrease. He predicted that HTF will be in a deficit situation by 2010. Several short-term funding strategies (indexing fuel tax, tolling, etc.) have been proposed and could help to significantly narrow the revenue gap, but new funding strategies will be needed to sustain the nation's highway and transit systems long term.

Ed McKechnie, Vice President of Operations and Strategic Planning for WATCO Companies, reported on specific needs (rail siding expansion, car supply for seasonal products, and infrastructure improvement) and recommended limited funding to assist with these needs.

Tom noted that various Revenue Options, Innovative Financing Options, and Other Financing Options were discussed at the 4th meeting. The options were reviewed by which ones would generate net-new revenue, and other criteria such as to feasibility and effectiveness and the revenue options will be further considered at this meeting today.

Jim Kempton, Forum Chairman, presented a regression analysis to estimate future capital expenditures. His estimate was above the previous 30-year estimate (\$22 billion). The important finding is that no matter what method is used to estimate future needs, the estimate is more than what revenue is being generated.

Tom referenced the Hudson Report policies that dealt with 1) Transportation Finance, 2) Mobility Management, 3) Technology Placement and 4) Freight Systems. The future will be a global economy and transportation will be the backbone.

In the fifth meeting:

Various index protocols (Motor Vehicle Registration, Average Vehicle Miles Traveled, and National Construction Cost Index) were discussed and used to compare Idaho's current fuel tax rate (25¢). Indexed fuel tax rates were all above the current fuel tax rate, with a high trend of 33¢ and a low trend of 30¢.

A Final Report on Idaho's Projected Surface Transportation Capital Improvement Needs (2205-2035) was distributed to the Forum Members. The Final Report had some minor additions, with the total estimate as over \$20 billion (\$20,101,666,523).

Additionally, with the reauthorization of SAFETEA-LU, the yearly funding shortfall was revised to \$203.5 million. It appears that with the current funding, Idaho is not well poised to meet the future needs. The Forum's recommendations will need to address how we can get more revenue. Multiple revenue streams will probably be needed to meet the predicted shortfall.

Revenue Source Tally/List - Lisë Stewart [Preferred Revenue Options.ppt](#)

Lisë reported that Forum Members were given three opportunities to vote for their preferred revenue options and the results are as follows:

26	Increase Vehicle Registration Fees
24	Increase Fuel Tax
20	Impact Fees for Development (both local and regional)
20	Eliminate Ethanol Exemption
16	Dedicated Sales Tax on Car Rentals
16	Index All Fees
16	Public-Private Partnerships
15	Local Option Sales Tax
15	Index Vehicle Registration
12	Local Option Fuel Tax
11	Index Fuel Tax
9	Dedicated Sales Tax on Transportation-Related Sales
8	Tire Fees / Taxes
8	Toll Roads & Bridges

Revenue Source Matrix – What Do the Listed Revenue Sources Generate? -- Dwight Bower

Dwight reviewed the various revenue options and estimated increases. [Revenue Estimates-handout.doc](#)

REVENUE ESTIMATES

	Revenue Source	Component/ Unit/Year	Current Rate	Current Revenue Generated	Increase Current Revenue	Potential Increased Revenue	Future Annual Increase	Comments
26	Increase-Vehicle Registration	2005		\$88,940,599	10%	\$8,894,059		All vehicles (cars & trucks)
24	Increase-Fuel Taxes	2005	25¢	\$210,096,913	10% = 2 ½¢	\$21,009,691		All fuel
	County Option Registration Fee	Ada County	\$20 per registration per vehicle	\$3,591,000	All counties	\$28,000,000		1,400,000 registered vehicles statewide
20	Impact Fees - Statewide/Regional	Ada County		\$10,667,000		\$34,000,000		Ada County = approximately 24% population
20	Eliminate Ethanol Exemption	33,000,000 gallons-(gasohol)	Currently Reduced 2½ ¢ per gallon			\$825,000		
16/15	Index-Vehicle Registration	--	--	\$88,940,599	3% per year		\$2,668,229	Average NCCI
16/11	Index -Fuel Tax	--	--	\$210,096,913	3% per year		\$6, 330,000	Average NCCI (National Construction Cost Index)
16	Index-Title Fees	600,000	\$8.00	\$4,800,000	10% increase and then index	\$480,000	\$158,000 per year	3% NCCI
16	Index -Driver's License	947,000	\$7.20	\$1,704,600	10% increase and then index	\$170,400	\$52,500 per year	3% NCCI
16	Rental Car Fee							Data not available
15	Local Option-Sales Tax	Varies by County	--	\$00				Law needs revised
12	Local Option-Fuel Tax	Varies by County	--	\$00				Law needs revised
9	Dedicated Sales Tax on Transportation-Related Items	--	--	\$00	1%	\$27,500,000		From ITD Resource Task Force Report (2002 estimate)
8	Tire Fee/Tax	1,400,000 registered vehicles	--	\$00	\$3.00 per tire	\$4,200,000 per year		Estimate -- 1 tire per vehicle per year
8	User-Based Fees (Toll Roads/HOT Lanes, Congestion Pricing, etc.)							Toll - 15-20 ¢ per mile Improvement opportunity Law revision needed
	Private/Public Partnership	--	--	\$00				Specific improvement opportunities

Information: Current Idaho Population 1,393,262 (2005 Census Estimate) Ada County 332,523 (2005 Census Estimate)

Questions/Comments Regarding the Revenue Options

The Communities in Motion (CIM) study is a work in progress considering land use and transportation revenues. The CIM study reports a 5% increase in federal funds, but still shows an annual \$50 million shortfall for the Treasure Valley, which fits in with the \$200 million statewide shortfall estimate. [CIM Finding Resources-handout.doc](#)

Dyed diesel fuel evasion was discussed. Additional legislation might be useful to State Police or Tax Commission, but overall this would not be popular in rural communities. Enforcement of the existing laws and sample fuel methodology could be potential ways to generate additional revenue.

The Members discussed the merits of a sales tax on transportation related items such as tires, parts, oil/filters, etc. If enacted the tax should be earmarked for the highway fund rather than the general fund because it's directly related to the vehicle/roadway use. A tire fee/tax was also discussed, with the opinion that the revenue estimate is reasonable compared to previous tire disposal estimates. Both options would be new taxes and could be equitable.

Ada County is using impact fees; however current restrictions keep other entities from enacting them. There needs to be away to allow cities to impose impact fees. The Idaho Transportation Department does not currently receive revenue from impact fees, even in an area with a state highway. Revenue from impact fees could be extremely important to have development assist with the growth in their area. Impact fees may be legislatively impossible and getting the revenue directed to local jurisdictions could be difficult, but revenue from impact fees could be a very viable solution for transportation needs.

General comments about the 2.5¢ ethanol exemption amounting to \$825,000 in uncollected revenue; the indexing of vehicle registration that NCCI estimates should be increased by 3%; collection of a rental car fee/tax (Utah collects a 2.5% tax which amounts to \$3.5-\$4 million per year); a rail car tax that could be used for railroad investment; tolling and using HOT lanes, and the benefits of using partnerships was made.

A fuel tax increase would be very difficult to enact. Indexing the gas tax may be easier and less political for legislators. An increase in fuel tax and an indexed fuel tax seem to be linked and we may want to combine them in our recommendations.

In some cases, transit revenue is constrained and cannot be used for local matching funds. There needs to be a way for the state to assist with matching the federal transit funds that are available. Clarification as to which revenue is applicable to transportation (roadways) and which is applicable to transit should be included in the Forum's report to differentiate revenue option use.

Vehicle miles of travel or other alternatives should be considered as a means of taxing highway users. The Forum should not be short-sighted. The preferred options follow traditional revenue lines and Members should look at all options. Fuel taxes are energy-based revenue sources. We should look beyond to other potential funding sources, the political likelihood, the cost/benefit, and public acceptance.

The comments on the options will be incorporated in the Forum's report and can be elevated if needed. The Forum remains respectful of the legislature's perspective, but at the same time we are charged with looking at the total transportation system infrastructure and revenue sources and then making recommendations to address the needs.

Exploratory Recommendations – Working Lunch

Lisë asked Forum Members to consider 2 exploratory recommendations at each table during the working lunch and be prepared to discuss the strengths and weaknesses of these specific recommendations when we reconvene this afternoon.

Exploratory Recommendations Discussion – facilitated by Lisë Stewart, assisted by Dwight Bower and Tom Warne [Exploratory Recommendations-handout.doc](#)

The Forum discussed each of the exploratory recommendations and acted upon each as follows:

P-1 Combine land use and transportation planning at all levels - state, regional, and local.

Critical need to integrate transportation and land use (i.e., Eagle Rd & SH 16 extension). Communities in Motion is a good example of interface. Planning and zoning experience shows it's ludicrous without transportation planning. Transportation infrastructure causes land use and vice-a-versa.

Members agreed with the recommendation and passed on for consideration.

P-2 Provide opportunities for user-fee based systems (toll roads, HOT lanes, congestion pricing, etc.)

Difficult to envision implemented. More applicable to Ada/Canyon and other urban areas. HOT lanes collect tolls for usage, while HOV lanes encourage high occupancy in vehicles for use; different concepts.

Members agreed with the recommendation and passed on for consideration.

P-3 Promote ~~private/public~~ partnerships (public/private, public/public, etc.) whenever possible.

ITD/ACHD partnership for example.

Members agreed with the wording change to broaden partnerships in any combination and passed on for consideration.

P-4 Pursue future revenue opportunities and sources by transitioning from traditional revenue generating sources (wind farm tax, alternative fuel tax/other, user fees for hybrid vehicles, etc.) to other methodologies (BTU tax, VMT tax, etc.).

Members agreed with the spirit of the recommendation, however had many questions - 1) how a tax on "energy used" would work; 2) would there be sales tax on fuel for transit; 3) need more information on rental car registration and licensing like a hotel tax; 4) How does fleet registration work and can they be registered out of county; 5) if registered out of county, increase sales tax on the vehicle? Wind farm tax does not belong here. It is a revenue distribution process. Scooter and electric vehicles should be encouraged. We should not deny usage and should provide safe movement whatever method of vehicular usage.. Does this policy accommodate revenue opportunities for alternative transportation as well as utilize other technologies?

Members agreed to combine P-4 and P-5 and voted to pass on P-4 for consideration. Policy P-5 was eliminated.

~~**P-5 Transition from traditional revenue generating sources (fuel tax/others) to other revenue-generating methodologies (BTU tax, VMT tax, etc.)**~~

Members agreed in spirit with the recommendation; however as fuel tax becomes less effective to generate adequate revenue, need to provide variable use fees.

After Member discussion, this policy was combined with P-4.

~~**P/R 1 Eliminate the effects of inflation by establishing index options for fuel, registrations, and/or other**~~

Agreed that indexing is needed to address inflation; but it fails to promote accountability and agency efficiency.

Members agreed to drop this policy because it is similar to P/R-6.

P/R-2 Acknowledge that Public Transportation is should be an integral part of Idaho's transportation system by dedicating revenue mechanisms to address public transportation issues.

Members agreed in spirit of this recommendation; policy is the best of the exploratory recommendations. Public transportation becomes more viable when personal vehicle travel is more difficult.

Members agreed to change "is" to "should be" and voted to pass on for consideration.

P/R-3 Encourage Achieve improved freight mobility by ~~initiating~~ encouraging truck/rail/port infrastructure investments.

Members agreed with the spirit of the recommendation. Could be a way to pursue partnerships, like Micron with ITD. More leadership initiatives, port authorization, and intermodal legislation would all be worthwhile. Oregon has secured SAFETEA-LU money for a trestle as an economic development project. The 'rails to trails' conversion of railroads is not acceptable for the future. We need our railroads to be a viable part of transportation.

Members agreed to change P/R-3 to replace 'encourage' with 'achieve' and 'initiating' with 'encouraging' and passed on the policy on for consideration.

P/R-4 ~~Encourage and optimize the use of~~ Provide Local Option Fuel Taxing authority for transportation-related initiatives.

Members agreed with the spirit of the recommendation. Local option tax is one tool but is probably not an option for all areas. The public vote requirement must be retained. The legislature would do the rule making details. Transit funding will be very limited until this is allowed.

Members agreed to reword P/R-4 and eliminate P/R-5 and voted to pass on for consideration. One 'no' vote was cast. Policy P/R-5 was eliminated.

~~P/R-5 Encourage and optimize the use of Local Option Sales Tax for transportation-related initiatives.~~

Members agreed to combine P/R-5 with P/R-4 above and eliminated this policy.

P/R-6 Index some or all fuel taxes, vehicle registrations, and other transportation-related fees.

Members agreed with the spirit of the recommendation. Fuel tax needs to be increased as soon as possible to get additional revenue and then phase in an indexed fuel tax. In the future, we will need a vehicle mile basis for revenue generation. Fuel tax is not going to be sustainable over the long-term. There's a clear difference between indexing and increasing both in administration and the philosophy of it. Increases are usually done by understanding and recognizing the needs for funding changes.

Members agreed this policy was a better worded recommendation than P/R-1, so P/R-1 was dropped and recommendation P/R-6 was passed on for consideration. One no vote was cast.

~~P/R-7 Establish Tire Fees to generate revenue for transportation initiatives.~~

Members did not agree with the spirit of this recommendation. Safety concerns about tire fees being a disincentive for buying new tires were voiced. Also concerns about revenue generation and high administrative costs. Tire disposal fees worked well, so this could be a viable option if linked as a fee (as in disposal fee) not as a tax. Tire fees might be a good short-term revenue option. It's a nuisance fee – put with transportation-related items and drop this policy. Tire disposal fees are not being used by other states

Members felt this policy combined with the philosophy of policy R-4 and tire taxes could be used as part of a local option tax program. P/R-7 was eliminated.

P/R-8 Create a Rental Car Fee to generate revenue for transportation initiatives.

Members agreed with the spirit of the recommendation, but felt there needs to be additional information in the Forum report on how this could be enacted. .

Committee agreed to pass this policy on for consideration.

R-1 Increase fuel tax and then index.

Members agreed with the spirit of the recommendation. An increase will be a hard issue to get public support.

Committee agreed with this recommendation and passed on the recommendation for consideration. One no vote was cast.

R-2 Increase vehicle registration fees and then index.

Members agreed with the spirit of the recommendation. Suggested that the additional revenue be for statewide distribution, not local option and that the fees be raised initially and then indexed annually. Idaho registration fees are very low. Washington had high registration fees that were overturned and nearly bankrupted the transportation program. Don't go overboard on fees, but be reasonable. "Personal property tax on vehicles" is not popular, maybe could use variance to weight, age of vehicles.

Committee agreed with recommendation and passed on for further consideration.

R-3 ~~Increase driver's license and other Motor Vehicle-imposed fees to at least be current with the cost of production cover the cost of providing the services.~~

Members agreed with the spirit of the recommendation. Suggested that motor vehicle fees should be raised to fund transportation programs. Questioned what is the cost of production? Currently; the cost of providing these services is more than being collected by ITD and ITD makes up the difference. Could these fees be used for other programs? Really against charging more than the cost of providing services. What about enforcement costs? Anything collected above the cost of services is considered a tax, not a fee. Which fees does Motor Vehicle collect? Should a list be included; was later decided to withdraw the specific reference to driver's license. Oregon has a 10-year bond for bridge construction that is being paid by raised fees.

Committee agreed to reword R-3 and passed on the recommendation.

R-4 Increase sales tax on transportation-related products and services. (*Consultants agreed to reword and clarify.*)

Members agreed with the concept of this recommendation, but felt it would be difficult to administer. Several examples of how the tax is collected relieved this concern. What about parts purchased out of state? We will need to look at incentive/disincentive issues, especially in border areas. Could take funds away from local option sales tax. Complicates tax code and is difficult to understand.

Members were unclear if this revenue would be an increase on top of the 5% sales tax already on a product or just move the existing 5% sales tax into the highway account instead of the general revenue account. Consultants agreed to work on a new version of the policy for consideration at the next meeting that would clarify that it is an increase above the 5% sales tax and include tires.

R-5 Eliminate the ethanol exemption. (*Although this recommendation was passed on for consideration, the wording was not finalized. Consultants will reword and clarify.*)

Members agreed with the spirit of this recommendation and suggested adding methanol, hydrogen, electric, and other alternative fuels. Bio-diesel is also exempted. What if there is a mandated 10% blend of ethanol. We need to recognize that the national/state policy is being pushed to retain these exemptions. Ethanol is more expensive to produce, so exemption makes the price competitive. This recommendation is really at cross purposes for alternative fuel consumption.

Members were divided on passing this recommendation. Slightly more members favored the passing of this recommendation on than were against. Consultants agreed to work on a new version of the policy for consideration at the next meeting.

Other Recommendations (*The consultants will work on additional recommendations for the next meeting.*)

Other recommendations should include efficiency requirements including transportation system, consolidation of highway districts, boundary/land use, and reconsideration of the truck weight limits.

Members can also send suggestions and additional recommendations to Linda Emry for consideration at the next meeting.

Next Meeting – November 29

Chairman Kempton reviewed the meeting objectives for the next 2 meetings. The objectives were accepted by the Members. [Meeting 7-8 Objectives.ppt](#)

November 29 -- Finalize Draft Report

- Achieve consensus around draft report; to include recommendations for financial tools and revenue sources necessary to address future surface transportation needs.

January 5 -- Final Report and Recommendations

- Achieve consensus for approval of FTI's final report and recommendations for transmittal to the ITD Board.
- Achieve consensus regarding possible promotion, endorsement, and other public advancements of the FTI's recommendations.

Cecil Ingram reiterated that the transportation system has a growing backlog in maintaining and improving the system, and during the last ten years, Idaho has had three different directors and personnel cutbacks at ITD, two different governors and changes in the state legislature. The legislature didn't allow taxes to be raised, but encouraged efficiencies during that time. ITD did the best it could with existing resources, but overall Idaho has lost its direction for transportation. We need to explain this to the public. The Forum's Final Report could be used to explain how we can get out of this dilemma so we can move products and people on our highways. Canada will soon be able to out do us in if we don't improve our transportation system.

What plans are being made for publicizing the Forum's recommendations and other information that will be contained in the Final Report? Members from the Idaho Transportation Department and the consultants will research this and report at the next meeting.

Chairman Kempton reminded Members that the next meeting will be held on November 29th at this same location.

Adjourn

Jim thanked everyone for coming. The meeting was adjourned.