

Subject to approval of the Committee

Minutes
Governor's Transportation Funding Task Force
Meeting
July 27, 2010
9:00 AM – 3:30 PM
Capitol Building, Garden Level, Room EW40

Members Present: Lt. Governor Brad Little, Chairman; Senator Edgar Malepeai; Senator Bert Brackett; Senator John McGee; Senator Chuck Winder; Senator Shawn Keough; Representative Bill Killen; Representative Leon Smith; Representative JoAn Wood; Representative Dennis Lake; Representative Marv Hagedorn; Gordon Cruickshank, Valley County Commissioner; Jim Kempton, President, Idaho Public Utilities Commission; Darrell Manning, Idaho Transportation Board Chairman; Jim Riley, President, Intermountain Forest Association; Mark Bowen, CH2M Hill and Past Chair, Boise Metro Chamber of Commerce;

Others Present: Sue Higgins, Kathy Fowers, Bryce Millar, Alex LaBeau, Brent Olmstead, Senator Tim Corder, Jayson Ronk, Karen Doherty, Lance Giles, David Bennion, Suzanne Budge, David Lehman, Sally Goodell, Heather Wheeler, Peter Hartman, Pat Sullivan, Randy Kyrias, Greg Laragan, Tom Cole, Tim Greeley, Jim Voorhees, Lorraine Dennis, Dennis Tanikuni, David Tolman, Charlie Rountree, Lance Holmstrom, Skip Smyser, Representative Phylis King, Dave Carlson, Ken Harward, Brian Ness, Jerry Deckard, Sonia Hennum, Betsy Russell, Ken Burgess, Mark Dunham, Eric Shannon, Casey Bequeath, Doug Benzon, Bob Thompson, Linda Emry, Roy Eiguren, Jerry Whitehead, John Miller, Amy Wernsing, Dustin Kuck

Chairman Little welcomed everyone, approved the minutes, and introduced **Representative Hartgen** who introduced his brother **David Hartgen**.

David Hartgen introduced the issues of Idaho transportation and prefaced that he is not an expert, but wanted to share his initial impressions of the Idaho transportation system and surrounding states. **David Hartgen** made provided a presentation on *Idaho's Transportation Issues* explaining economic impact, federal transportation studies, Idaho transportation program trends, goals, sustainability, and funding.

Representative Killen asked if any states use the odometer approach to Vehicle Mileage Tax (VMT).

David Hartgen answered that no states are using the odometer method but that the idea was proposed in North Carolina and the method missed a lot of traffic and never made it to committee.

Gordon Cruickshank asked if **David Hartgen** had looked at the road condition of the local level or at ITD.

David Hartgen said he looked at both, and local road condition nationally is not tracked well. **David Hartgen** guessed that the local roads are in worse condition and may require additional attention which might be something Idaho needs to look at long term.

Mark Bowen asked if **David Hartgen** could provide background on interstate tolling.

David Hartgen answered that he assumed either booth or electronic tolling could capture everything.

Jim Riley asked if **David Hartgen** could explain more about Montana's local road jurisdictions.

David Hartgen responded that Montana has set district goals and the state only has three or four goals to make the entire program manageable. Montana is straight forward in terms of congestion, but some of the directives might make sense for Idaho.

Senator Winder asked if **David Hartgen** had any examples of jurisdictions, states, or regions that have good quality signal timing.

David Hartgen said the problem with signal timing is the mechanisms used do better in rectangular environments. In the past few years radio capabilities have improved and Boise has 3 to 4 major flow directions for more consistency.

Senator Winder asked how much of an impact the left turn delay, a lack of right hand turns, and the construction of intersections place on the system.

David Hartgen said that often we focus on specific problems, and expressed the importance of looking at the operation of the system as a whole.

Representative Killen asked **David Hartgen** what he knows about the change to the federal mileage averages and how it will affect revenues.

David Hartgen said he has not looked into it but will.

Chairman Little discussed the summary results for the potential revenue sources on the taskforce members' worksheets and asked the two transportation committee chairs for further consideration on which items on the worksheet to keep or discard.

Representative Wood asked about the sales tax on auto sales and the lack of revenue on the auto base.

Chairman Little said the current revenue base is the general fund as well as fuel tax. The Tax Commission had a difficult time getting the auto revenue numbers from the retailers, and the taskforce suggested the Tax Commission take an alternate route.

Senator McGee said the worksheet outlines well what the taskforce should be considering.

Jim Kempton summarized what ITD presented to the cost allocation subcommittee on the top ten revenue options. From those options, as well as Batelle's study, the subcommittee addressed the top four options. The first was to increase the diesel fuel tax by 5 cents. The second was to implement a different fuel tax for gas and diesel depending on the equity ratios. The third was to increase registration and heavy truck registration by an average of 10% and adjust to achieve equity. The fourth was to implement the VMT based on vehicle classes and assessed by ITD. These four options did not represent final inputs, only the top four considerations at the time.

Senator Keough asked if the taskforce would be moving forward on options one through ten.

Chairman Little said that the last three numbered revenue sources' time has not come yet, but ITD should monitor those options for the future.

Senator Keough suggested the taskforce spend more time looking at options 1 through 10.

Mark Bowen suggested the taskforce look at the local option sales tax, which will be vital at the local level and **Representative Killen** agreed.

Chairman Little said the Governor asked the taskforce to put everything on the table, but if the taskforce has a consensus on something that should not be considered, those options could be eliminated.

Representative Hagedorn said the taskforce has to come up with 250 million dollars, and the broader the collections the lower any item will be.

Senator Keough asked **Chairman Little** how he envisioned the process going forward.

Chairman Little said he would anticipate a series of options recommended by the taskforce.

Senator Keough asked **Chairman Little** if in the next series of meetings, the taskforce will get more input and information about those options.

Chairman Little suggested having monetary targets with a series of revenue sources to reach those targets.

Representative Wood said examining how a revenue source will be implemented should be discussed.

Mark Bowen suggested adding revenue potential for each tool.

Representative Wood suggested using a high occupancy tool on the Boise highways.

Chairman Little said the high occupancy tool has been reviewed, but the idea is not practical in Idaho.

David Hartgen responded to **Representative Wood** and said cities where the high occupancy tool has been most successful are in cities larger than any city in Idaho.

Representative Smith made a motion for the taskforce to examine all but the last three options.

Jim Kempton suggested maintaining option 15 because it has been addressed by the cost allocation subcommittee.

Senator McGee seconded Representative Smith's motion.

Representative Wood asked what road development agreements were.

Gordon Cruickshank said in Valley County where there is so much growth, the county has developed a program to work with the developers and improve the road system. Road development agreements are a way for the local counties and jurisdictions to improve the roads.

Gordon Cruickshank said the taskforce seems to be struggling with public acceptance, and maybe the taskforce should have a discussion on the public acceptance of some of these options.

Representative Hagedorn asked about recreation incentive.

Gordon Cruickshank said it was brought up by an individual to make an incentive for travel to all Idaho's parks.

Lance Holmstrom said he was asked to make a presentation on performance measures and traffic counts. First the initial survey will come out, and then detailed interviews to discuss performance measures and improve efficiency with the local jurisdictions. He has trained people to understand traffic counts and help make the counts consistent.

Jim Kempton asked **Lance Holmstrom** if the annual road and street financial report has a break in regular federal funding and stimulus funding.

Lance Holmstrom answered that it did not.

Jim Kempton suggested not averaging both federal and stimulus money that will go away soon.

Lance Holmstrom said **Jim Kempton** was right.

Representative Hagedorn asked if the annual report matches the information in the districts' report and suggested using the same method.

Lance Holmstrom said no because ITD has its own mechanisms.

Jim Riley suggested inviting the local jurisdictions to fill out the survey and make suggestions for the system. **Jim Riley** asked what it would take to create local data like the road condition survey.

Lance Holmstrom said almost 90% of all local roads can track the road condition. The system is very close to having a comprehensive pavement management system and has made great progress.

David Bennion explained the public transit situation in Idaho and the differences between rural and urban areas and what makes transit fiscally efficient. The subcommittee has not drawn a conclusion yet.

Chairman Little asked when the subcommittee would have a recommendation for the taskforce.

David Bennion answered no later than September.

Jim Kempton said the transportation taskforce has the Cost Allocation Subcommittee report.

Joe Stowers and **Patrick Balducci** made a presentation on the Idaho Highway Cost Allocation Study.

Patrick Balducci explained the focus on accuracy and presented the data. **Patrick Balducci** explained the difference between the unadjusted equity ratio and adjusted equity ratio and the conclusions of their study.

Chairman Little asked about the American Recovery and Reinvestment Act (ARRA) money that no one puts money into, because it only comes out of the general fund.

Patrick Balducci said it is revenue that comes out of the general fund and is spent on the cost allocation process. However, on the revenue attribution side those funds are not included.

Patrick Balducci explained the trend moving towards automobiles and pickup trucks overpayment and an underpayment on accommodation trucks.

Chairman Little asked what the 96 million dollar difference was.

Patrick Balducci said the difference was between full expenditures associated with GARVEE bonds annually, versus debts set equal to annual debt service over the six-year time period.

Representative Hagedorn asked how the adjusted and unadjusted equity ratios correlate with the vehicle classes.

Patrick Balducci said he had broken down one example to demonstrate the level of detail that went into the 20-vehicle classes.

Senator Keough asked how the study arrived at the vehicle miles.

Patrick Balducci said the two sources in every piece of information are the traffic counts and classification counters and the changes from year to year. That data is supplemented by national data conducted by the US Census Bureau.

Senator Keough asked if that process was similar to the process on vehicle value.

Patrick Balducci said no, and explained that vehicles=values were not used in the study.

Representative Smith asked how the numbers on the graph were obtained, and if that was the median.

Patrick Balducci said the outcome is divided by the number of categories, and the adjusted equity ratios is found by taking the percentage of revenues and dividing that by the percentage of expenditures which is similar to the average of all the numbers in the category.

Representative Wood asked if the original line on the Weight Distance Tax was an estimate.

Patrick Balducci said that it was actually up until the repeal of the Weight Distance Tax and is done statistically by measuring the distance between the estimated and the actual and forecasting forward making the graph appropriate.

Representative Wood said a drop in the economy should show a change in the line, but it does not show the downturn of the economy.

Patrick Balducci said the study looks at both the economic downturn and estimated recovery.

Joe Stowers said when the economy turns down, Vehicle Miles Traveled (VMT) drop off and the cost of responsibility goes down accordingly as does revenue collections.

Representative Hagedorn asked how 10,000 less truck registrations affected data collections.

Doug Benzon said there was a downturn in the number of registrations but all of the registration costs were included.

Representative Hagedorn asked **Doug Benzon** if even though those 10,000 trucks were registered in another state, were those numbers still calculated.

David Benzon said yes, the total dollars are collected even though there was a shift in registration. Idaho still received the out of state appropriation.

Jim Riley asked if a heavier properly loaded truck is better than a truck not loaded properly.

Patrick Balducci said that the study looks at those vehicles as a group and goes through a process of how the trucks are registered and operated.

Joe Stowers said he is careful to get a wide distribution and eliminate the extremely overloaded vehicles so those vehicles do not distort the picture for that particular group.

Jim Riley asked if roughly an 80,000 pound truck is the same as 80,000 pounds of passenger vehicles.

Patrick Balducci said the damage comes from the distribution of weight, not the weight itself.

Jim Riley asked how many pounds of passenger vehicles it takes to equal one 80,000 pound truck.

Joe Stowers said the basic rule is one legally fully loaded 18-wheel truck equals 10,000 passenger vehicles of pavement damage, and as it goes up, the curve is extremely steep.

Patrick Balducci said those measurements have been analyzed by the federal government since the 1950's.

Joe Stowers said this only applies to the wear of the pavement.

Jim Riley asked what if **Patrick Balducci** and **Joe Stowers** were wrong on the amount of damage trucks make to the pavement by 25% and how much difference that change would make to the study's ratio.

Patrick Balducci said being off by 25% would undermine 50 years of research on part of the Federal Highway Administration.

Representative Wood asked if the study takes into consideration trucks given special permits and trucks pay the penalty for higher truck weights with those permits.

Patrick Balducci said the impact of those trucks was included in the study as well as any other source of revenue.

Joe Stowers said the overweight permit vehicles normally use the same amount of axles and there is a special vehicle analysis to calculate what the fees should be for each vehicle class.

Representative Hagedorn said he did not hear an explanation of revenue for the multi-axle vehicles, and asked if there was a way to account for the revenue for income tax that the driver pays or the company pays.

Patrick Balducci said highway user revenues are included but income and property taxes are not.

Senator Winder asked how the ratio would work if the money is allocated correctly to the trucks; what percentage of need would Idaho actually pick up in revenue?

Patrick Balducci said the percentage would increase or decrease to get it to the appropriate equity, which is something that could be calculated.

Senator Winder said he did not think the taskforce will solve the transportation problems by getting the equity to one.

Patrick Balducci said that they look at the policy analysis and these scenarios to close the gap and make the appropriate equity. The policy side is the work of ITD and the taskforce.

Representative Killen asked **Patrick Balducci** if the second option considers that diesel is also special fuel and a five cent increase in fuel and an equity adjustment for special fuels and also asked if the analysis included that some passenger vehicles use diesel.

Patrick Balducci said yes the study captured an estimated distribution for gasoline and diesel powered vehicles.

Representative Hagedorn asked what the actual per gallon increase would be for special fuels.

Patrick Balducci said it will be a five cent increase with diesel at \$1.30.

Chairman Little said that full GARVEE portrays that Idaho bought and allocated the money for GARVEE all in one year.

Patrick Balducci said that they did both -- the full and reduced GARVEE.

Senator Keough said the difference between VMT tax and registration fees that the study did not include was the truck system with mileage brackets unique to Idaho. **Senator Keough** asked what it would take to include that in the study.

Patrick Balducci said the model processes information on vehicles classes and gross weight and does not have different categories for mileage. The problem is the data availability and if it exists.

Senator Keough asked if the Tax Commission has that data.

Patrick Balducci said the complication is the IRP process. A simple count of the vehicles by mileage classes and registered classes is not sufficient. **Patrick Balducci** said he would need to calculate the full-fee equivalence. The sub-mileage categories would be far more difficult because the data was not readily available.

Jim Riley would like to have a path forward to get **Senator Keough's** question answered.

Patrick Balducci said the question would be if ITD has the data to support the analysis. He said that he only requested information from the financial group at ITD, and added that the auditors had only looked at a small percentage of the truck population.

Senator Keough said she was frustrated because that data should exist.

Doug Benzon said he is frustrated that the accounting system does not allow ITD to get down to that level without some estimates.

Senator Keough asked if ITD had inquired about the Tax Commission.

Doug Benzon said the Tax Commission only does a 3% annual sample, which may be skewed and ITD would need a broader analysis.

Senator Keough thought that would be a good place to start if the data does exist to set policy. However, she said that the data exists when referring to trucking companies.

Chairman Little adjourned the meeting at 3:30 PM.