

MINUTES

**MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON HIGHWAYS & TRANSPORTATION

Call to Order: By VICE CHAIRMAN CHARLES "CHUCK" SWYSGOOD, on
January 12, 1995, at 1:00 p.m., Room 410

ROLL CALL

Members Present:

Sen. Charles "Chuck" Swysgood, Vice Chairman (R)
Sen. Mack Cole (R)
Sen. Reiny Jabs (R)
Sen. Arnie A. Mohl (R)
Sen. Greg Jergeson (D)
Sen. Linda J. Nelson (D)
Sen. Barry "Spook" Stang (D)

Members Excused:

Sen. Larry J. Tveit, Chairman (R)
Sen. Ric Holden (R)

Members Absent: None

Staff Present: Connie Erickson, Legislative Council
Carla Turk, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: SB 47 & SB 49
Executive Action: None

VICE CHAIRMAN SWYSGOOD appointed SENATOR ARNIE MOHL, ACTING
CHAIRMAN for the purpose of allowing Senator Swysgood to present
his bills for hearing.

HEARING ON SB 47

*{Tape: 1; Side: A; Approx. Counter: 3.2; Comments: Approximately the first two
minutes of the tape were blank due to microphone engagement problems.*

Opening Statement by Sponsor:

SENATOR CHARLES "CHUCK" SWYSGOOD, SD 17, Dillon, characterized
the Bill as allowing staggered registration of certain fleet
interstate commercial vehicles and setting forth the provisions
and definitions for annual registration periods. He described

development of SB 47 and the result of a concentrated effort to help alleviate some of the expense associated with annual registration which commercial interstate carriers encountered each year.

SENATOR SWYSGOOD explained that under the Bill commercial carriers would no longer be able to buy quarterly registration for their vehicles, but that system would be changed to charge a full year's registration fee all at once at the time each vehicle was registered. He portrayed the Bill as enabling the carrier to divide vehicle registration expense throughout the four reporting periods if desired. **SENATOR SWYSGOOD** explained the Bill as giving carriers more flexibility in meeting their individual cash flow needs, by enabling them to choose the number of units they wanted to register in each period.

Proponents' Testimony:

Dave Galt, Administrator for the Motor Carrier Services Division of the Montana Department of Transportation, said that the Department supported the Bill for the reasons stated by Senator Swysgood. He added that over the years they had been faced with requests to allow partial payment or prorate fees, because the total bill was too expensive to pay in one lump sum in January in some cases. He articulated that when the Department licensed a carrier for operations in other states they were required to collect the total due for all the other states, plus all of the Montana property taxes. **Mr. Galt** identified the only part they could accept partial payment for was the GVW fee portion. He stated that depending on the percentage of Montana miles a carrier operates, the Gross Vehicle Weight (GVW) fee portion may or may not help the carrier lower his payment much.

Mr. Galt explained staggered registration as allowing the Department to collect a full years fees, but at different times of the year. He said the Bill set up four registration cycles: January to December, April to March, July to June and October to September. He depicted the Bill as allowing a large carrier the ability to break their fleets into as many as four different accounts and stagger their registration cycle. He said that in essence they could license one quarter of their fleet four times a year. **Mr. Galt** explained this solution as allowing the Motor Carriers Service (MCS) to collect and remit a full years operating fees to the other states as required and be in compliance with International Licensing Agreements. He continued that SB 47 allowed MCS to even out the workload in the licensing section and evenly distribute Montana's cash collections throughout the year.

Mr. Galt reported that the Bill had some down sides depending, upon your perspective. He said the MCS would lose the ability to accept quarterly payments for the GVW fee portion of the prorate operators bill. He defined it as simply too complicated to have

four different annual cycles, each with four different billing frequencies, or a total of sixteen. He accounted that a few carriers had expressed concern, however, those carriers had been informed that they would be able to split their fleet into more than one cycle and achieve the same purpose as quarterly GVW billing. He continued that on the other hand, eliminating the quarterly GVW fee payment saved the industry about \$30,000 dollars a year in re-registration fees as noted in the fiscal note.

Mr. Galt portrayed another factor as no more grace period for carriers for their license plates on their vehicles. He expressed one of the major concerns in the national arena as the abuse of grace periods by less than reputable carriers. He noted that without grace periods, MCS will have to start the process earlier and be able to get the credentials to the carrier in plenty of time before the enforcement date.

Mr. Galt related that some carriers had expressed concern that they wanted to remain in a January to December licensing cycle. He said that with passage of this legislation, MCS would be able to accommodate all requests to keep currently registered carriers in any cycle they wish to be in. He stated that after the first year the MCS would assign specific registration to new carriers until there was an even distribution of carriers throughout the registration cycles.

Mr. Galt proclaimed the final down side factor as that MCS would have to develop implementation rules to make the process come together in the beginning.

Mr. Galt testified that with excitement generated during the Special Session and the feelings of some legislators that this idea was too good to hold until the '95 session, MCS had done much of the preparation for the implementation of staggered registration. He reported having surveyed all the prorate carriers in the spring of 1994 to evaluate the level of interest in the program. He attested to 1200 surveys sent and a seventy-five percent support of staggered registration by the approximately 400 responses. **Mr. Galt** announced that they believed the Bill presented a win-win for both government and industry, and the Department urged the Committee's support.

Ray Kuntz of Watkins and Shepard Trucking said that during the Special Session he had appeared before the House Highways Committee when there was a hearing to talk about what the Department could do to be more user friendly. **Mr. Kuntz** contended he had suggested passage of a staggered registration act. He announced that each year it cost a lot of revenue to bring their drivers home for Christmas, then January was a battle with bad roads and weather and a slowed economy, only to be hit by a prorate bill. He testified that in their particular case their prorate bill was about \$450,000 and said it would help everyone in the industry if they could split that into quarterly

payments. **Mr. Kuntz** termed passage of the staggered registration as a cash flow enhancement which surpassed all other things he could think of Montana doing to make the trucking industry more successful. He urged passage of the Bill. (**EXHIBIT #1**)

Dan Wirak, employed by Mergenthaler's Transfer and Storage Company in Helena, said he was invited to participate on the staggered registration study group. He contended that they were supplied with a wealth of material and information from other states in regard to how they were running their staggered registration programs. He reported the group as having discussed problems involved and the subsequent mailing of a questionnaire and selected information to all Montana International Registration Plan (IRP) based carriers so that those carriers could participate in the development. **Mr. Wirak** said he thought the Montana Department of Transportation had gone to great lengths to make sure everyone was well informed about the process. He stated that because of the involvement, he felt the staggered registration would really be advantageous to both State Government and the Montana motor carriers.

Mr. Wirak cited one of the greatest benefits of the staggered registration as allowing the carriers to make the four equal payments. As an example he said he received his first prorated bill for \$22,000 and by dividing the bill into the current quarters presently allowed, \$13,200 would have to be paid now, as it belonged to other states. He said that of the \$9,700 balance about one half was property tax which was due up front, therefore leaving him with about \$5,000 to be divided over the remaining three quarters. **Mr. Wirak** said that with passage of the Bill he could divide the \$22,000 bill into four equal payments of about \$5,700.

Mr. Wirak accounted that another problem with quarterly payments was that at the end of each quarter every vehicle's registration card expired and the trucks had to be called in, located and brought into possession of their new registration. He narrated that with passage of the Bill, one registration would be required per unit per year. He stated that he agreed with previous proponents that this was a win-win Bill for all parties concerned, and would appreciate the Committee's support.

Ben Havdahl, representing the Montana Motor Carriers Association, reported that they wanted to go on record in support of the Bill. He related that they had a board of directors meeting last week, and there had been a unanimous decision to support this legislation by the entire membership of Montana Motor Carriers Association.

Opponents' Testimony:

None

Questions From Committee Members and Responses:

SENATOR BARRY "SPOOK" STANG, St. Regis, asked if the portion which was property taxes was going to affect the time when the counties would receive their property tax and would that affect the counties ability to invest that money over a period of time? **Dave Galt** said he believed it would affect the time when the money would be collected in full in each of the different billing cycles. He further commented that he had heard no complaint from the counties in regard to the issue.

SENATOR STANG asked if anyone from the Montana Association of Counties (MACo) involved with the meetings held, which would make them aware of the proposed change? **Mr. Galt** replied that they were not.

SENATOR MACK COLE inquired as to whether there was a way of finding out what affect the Bill may have? **Mr. Galt** conferred briefly with Marsha Ala from the Department and reported that the amount in question was about a million and a half. He stated that money from the other jurisdictions would be paid, based on the time that their registration cycle hit, and there were already sixteen jurisdictions which stagger registrations now, and twelve of those jurisdictions operated on a monthly basis. He explained that the Department was already receiving some staggered property tax payments anyway. He remarked that the remaining \$1.6 million which would be left would be the Montana property tax share from the base vehicles, and that would be split among fifty-six counties. He accounted that he did not know if that amount would be a real big impact in investment. He offered to contact (MACo) if the Senator wished.

SENATOR REINY JABS inquired if the property tax was split four ways also? **Mr. Galt** reported that the Department already had to collect property tax in one lump sum and if the Bill passed they would still license carriers for a full year, but the carriers would be offered four different billing cycles, enabling them to split their fleet. He contended that they would still collect the property tax in one lump sum but, depending on how the carrier split his fleet, the taxes would be collected on those vehicles in different cycles during the year.

SENATOR JABS asked if that would constitute payments to the counties on four occasions. **Mr. Galt** answered yes.

SENATOR STANG asked for an explanation of the affect to counties from a MACo representative? **Vern Petersen,** Commissioner from Fergus County and First Vice President of MACo said the Association was in favor of the Bill. He termed the impact as negligible as far as counties were concerned.

ACTING CHAIRMAN MOHL asked Senator Swysgood if this legislation included trailers also. **SENATOR SWYSGOOD** asked to refer the question to Mr. Galt. **Mr. Galt** answered that the Bill could

include the trailers if the carriers chose to, but each trailer only cost \$15.25 so it would be up to the carriers to decide how they wished to split their fleet.

SENATOR GREG JERGESON questioned that the big trailers 'a half mile long' were only \$15.00. **Mr. Galt** reminded Senator Jergeson that in the '93 legislature the GVW fees had been moved to the power unit and the property tax had been moved off the trailers and increased the property tax on trucks by forty-five mills. He said the only thing left on the property trailer was the \$15.25 fee which he would discuss in SB 49.

Closing by Sponsor:

SENATOR SWYSGOOD reiterated what MACo had stated as to the minimal impact related to the Bill because they would also have the same flow coming from cars and trucks now. He compared the system in SB 47 to the ones counties already using for other vehicles and explained that the counties were set up.

SENATOR SWYSGOOD identified the Bill as representing an economic issue for carriers and if they could be helped out a little, the Bill went a long way. He accounted that the Bill wasn't costing anything and even thought it may save the State a lot of extra labor put on at the first of the year to process all the applications, whereas with this Bill the applications would be spread throughout the year.

SENATOR SWYSGOOD recounted that SB 47 did remove the ability to pay in quarterly payments, therefore the entire annual payment was due for the units carrier's chose to register during any particular period. He clarified that passage of the Bill would still enable the same budget needs to be met by splitting the fleet into four periods if desired. He closed by asked the Committee to give SB 47 a DO PASS recommendation.

ACTING CHAIRMAN MOHL closed the Hearing SB 47 and announced opening the Hearing on SB 49.

HEARING ON SENATE BILL 49

{Tape: 1; Side: A; Approx. Counter 16.4: .}

Opening Statement by Sponsor:

SENATOR CHARLES "CHUCK" SWYSGOOD, SD 17, Dillon, identified himself as the Sponsor of SB 49 which tried to rectify a situation which occurred last Session when Legislature moved all GVW fees from the trailing unit to the power vehicle. He articulated that the legislation had been intended to apply to

commercial operators as per their International Registration Plan. **SENATOR SWYSGOOD** explained that the personal property tax was removed at that time, while other fees were increased to compensate that loss of revenue. He narrated that in the process of moving the GVW statutes and fees, pickup trucks and other vehicles were caught up in the changes. He characterized the changes as having created misunderstanding of how to comply with the changes and numerous phone calls regarding the additional costs incurred. **SENATOR SWYSGOOD** summarized by stating that SB 49 was before the Committee to rectify the situation, and presented amendments to the Bill. **(EXHIBIT #2)**

SENATOR SWYSGOOD portrayed one amendment as a reduction of the fee on agriculture from the \$7.00 seen on the Bill to \$6.00 as it had previously been. He described the other amendments as technical amendments needed at the time of executive action, and requested to reserve the right to close.

Proponents' Testimony:

Dave Galt, Administrator of the Motor Carrier Services Division of the Department of Transportation, testified that during the 1993 Legislative Session the Montana Department of Transportation (MDT) had requested changes in the Gross Vehicle Weight (GVW) statutes. He verbalized the intent of that legislation as two fold: **(EXHIBIT #3)** first, to ensure that vehicles operating on the state highway were paying their fair share of cost to the highway system; and to move to a power unit only registration to bring Montana into compliance with the intent of the International Registration Plan (IRP). He further related that upon passage of the legislation and during the implementation process, it became evident to Motor Carrier Services (MCS) that there were some inequities and problems with the new fee structure as it applied to small pickup trucks. He declared that maintaining a power unit based fee structure was imperative for Montana's commercial trucking industry to remain competitive with neighboring state structures. He identified the impact to pickups as unintended and did not meet MDT's intention to distribute highway cost equitably. He attested that MDT was introducing SB 49 to correct the problem.

Mr. Galt described section one as eliminating all commercial interstate trailers and semitrailers licensing in an apportioned registration plan from property taxes. He depicted '93 MCS legislation as intended to bring Montana into compliance with the International Registration Plan by eliminating all trailers and semitrailers with a GVW over 26,00 pounds from property tax. He remarked that the IRP requirement had not been met because all trailers whose GVW of less than 26,000 pounds still must be registered by all member jurisdictions of the IRP. **Mr. Galt** announced MDT's proposed remedy as elimination of property tax or ad valorem tax on all interstate commercial trailers involved in a proportional registration plan.

Mr. Galt remarked that sections two, four and six would be explained together. He explained that sections two and four require a declared weight on light trucks under one ton, intrastate trailers and semitrailers when they are registered. He continued that section six proposed collecting GVW fees on light trucks based on the manufacturers rated capacity and eliminating the GVW weight on these vehicles when they register. He explained that since trailers no longer have a GVW weight on their registration, something is needed for enforcement of safety laws, commercial drivers license laws and the instate staggered registration system.

Mr. Galt explained that section six corrected the inequity in the GVW fee structure. He defined the 1993 legislation as requiring any pickup which was towing any kind of trailer to pay a combined weight fee for the truck and trailer. He attested that during implementation of the legislation it was discovered that combining the weights was an excess burden upon pickup owners who pulled with more than one unit. **Mr. Galt** depicted SB 49 as creating a flat fee for owners of trucks rated at one ton or less and as allowing the truck owner the ability to pull any trailer, regardless of the weight. He continued that trucks rated at one and one half ton or more would stay with the existing GVW fee structure. **Mr. Galt** stated that basically all calls with concern about the '93 legislation had been in regard to pickups and multiple pickup trucks which had to be raised to a higher GVW fee in order to pull all of their trailers.

Mr. Galt explained a handout which showed the current system and where the fees would be with the proposed legislation, as well as the affects on agricultural fees. **(EXHIBIT #4)** He announced that the proposed fees structure would charge a \$7.00 fee for half ton pickups and less, which was roughly 50% less that presently charged. He remarked that owners of the three quarter ton pickup trucks would pay a fee of \$12.50 and owners of a one ton pickup truck would pay \$17.50 and one and one half ton and larger trucks would kick into the GVW structure based on weight at \$21.00. **Mr. Galt** stated that in this chart he had tried to start equitably at \$7.00 and as Senator Swysgood had mentioned, there was an amendment to bring that to \$6.00, and agriculture would stay at \$6.00 with no increase in fee until 16,000 pounds. He expressed their belief that there would be about a \$12,000 negative impact to the state revenue fund.

Mr. Galt described section three as changing the language in the staggered registration requirement for the small truck from a GVW reference to the manufacturers rated capacity. He identified the county licensing system as another problem area in the Legislation, because all vehicles ten thousand pounds and less were on staggered registration to balance the work load throughout the year for counties. He clarified that those licenses could come due during any month of the year, and when this Legislation was put in place and a lot of GVW's were raised on pickups those vehicles were knocked out of staggered

registration. He explained that with SB 49 ten thousand pound vehicles would stay in the Montana staggered registration system.

Mr. Galt said section five ensured that all interstate trailers and semitrailers licensed through the Montana Department of Transportation were required to pay the full registration fees of \$15.25. He explained that other IRP jurisdictions charge their base carriers a registration fee for their trailers, and since trailers were taken out of the IRP plan that fee should not be prorated. He attested that through an oversight on his part during the '93 Legislation, he had forgotten to change the calculation method for those trailers and the \$15.25 fee had been run through the proration calculation. He specified that, depending on how many miles were operated in Montana, those Montana miles generated a percentage of your total miles and you paid that percentage of the \$15.25 fee. **Mr. Galt** remarked that when the MDT had worked with the Motor Carriers and the legislation was proposed in '93 it was purported as a \$15.00 fee which stayed in Montana. He explained this as an increase of roughly \$110,000 which was designated for county road funds, state general fund and the Highway Patrol Retirement Fund.

Mr. Galt depicted section seven as the farm fee which Senator Swysgood spoke of in exhibit #2.

Mr. Galt reported section eight as eliminating the need for trailers registered and licensed in other jurisdictions to purchase a temporary trip permit to enter Montana. He stated that where Montana no longer taxed or collected GVW fees on trailers the temporary trip permit structure had been changed to focus on the combined weight of the motor truck or tractor and the number of miles traveled in state. He stated that trailers not licensed or registered elsewhere would still have to pay the fees based on the miles traveled in Montana. He explained the changes on page eleven as an effort to keep the fees the same as they had been.

Mr. Galt defined section nine as a definition of declared weight and having no affect on any of the fees, but was to be applied to a variety of uses throughout motor vehicle statute. He stated that the language was utilized by the driver services people in determining when someone needed a commercial drivers license and providing a base for enforcement people to know at what level a trailer should be licensed.

Ben Havdahl, representing the Montana Motor Carriers Association, conveyed their desire to go on record in support of the Bill as it related to section five, as the other sections of the Bill did not impact commercial haulers. He stated that their industry had strongly supported the changes to exclude trailers over 26,00 pounds and shift the total burden to the power unit. He explained that even though they may have gained a small bonus through the oversight, the support had been in good conscience

and not intended for their unjust enrichment. **Mr. Havdahl** stated he felt they had gained a lot and the situation needed straightened out. He termed the Bill as fairly complex and as encompassing a lot corrections needed in the record.

Bob Stephens, representing the Montana Grain Growers Association, announced that his Association was there in support of SB 49, as they believed it would clear up a lot of confusion.

Riley Johnson, representing a number of members of the National Federation of Independent Business, said a lot of small businesses had called him prior to the session and throughout last fall when the realization of errors within the changes had come to light. He said they thought Senator Swysgood's Bill addressed those concerns and corrected the injustice which had occurred. He asked the Committee to support SB 49.

Lorna Frank, representing the Montana Farm Bureau Federation, said they supported the Bill for the various reasons already stated.

Vern Peterson, a Commissioner from Fergus County and also representing Montana Association of Counties today, said they had analyzed and were strongly supporting the Bill. He stated that many of his constituents had called him with concerns regarding changes made, and he felt the Bill would go a long way toward simplifying matters for the consumer.

Bud Schoen, Chief of the Drivers Registration Bureau in Deer Lodge, which is part of the Motor Vehicle Division, said he was present to be available for answering any questions which may arise.

Russ Ritter, representing Westran Transportation of Missoula, Montana, said they supported the recommendations within the Bill.

Opponents' Testimony:

None

Questions From Committee Members and Responses:

ACTING CHAIRMAN MOHL asked if, with passage of the Bill, it would now be necessary to GVW the towing unit separately again? **Dave Galt** said they would not put GVW fees back on the trailer with this Bill. He said the point was for a flat fee on a specific size of trailer, with no fees added back to the trailers. He contended that they thought the Bill would solve the problems.

SENATOR GREG JERGESON asked what his liability would be under present law if he had a trailer and three three-quarter ton pickups which he pulled that trailer with and what would he save

with this Bill. **Dave Galt** said that, assuming that size trailer would weigh approximately 18,00 pounds loaded, the fees would be about \$28.00 apiece under existing law, and \$17.50 each with passage of SB 49.

SENATOR LINDA NELSON said that Mr. Galt had said that the Bill would short the state about \$12,000, but asked that when the law was passed in 1993 if the state had made additional money? **Mr. Galt** said that in 1993 when the law was passed there was a cost allocation study done by Montana State University System which looked at the cost of the highway user and how those revenues were spent. He stated the study had determined that trucks were paying more than they should and cars weren't paying enough. He stated that in 1993 GVW fees to large trucks had been cut by 25 per cent in an effort to level out user equities and no money had been made and had in fact lost some.

SENATOR JABS asked if a pickup owner paid the same whether they pulled a trailer or not? **Dave Galt** replied that under SB 49 that you would pay the same.

SENATOR NELSON mentioned an earlier remark by **SENATOR STANG** that if **Mr. Galt** did have a letter informing people of the corrections being made in this Bill, she would appreciate a copy to share with her people. **Mr. Galt** conveyed that he would be happy to draft something to present to the Chairman for distribution to whomever the Committee wished.

SENATOR STANG stated that he noticed the effective date to be January 1996, and asked if it could not be made to go into affect sooner because the '93 legislation was already in use for 1995? **Dave Galt** affirmed that was correct, all of the staggered registrations nearly needed to be made full cycle for equal treatment for all light truck owners.

Closing by Sponsor:

SENATOR SWYSGOOD said he wished to thank the Montana Department of Transportation for their willingness to look at this situation and correct a problem of more magnitude than had been anticipated when legislation was originally drafted to address another problem. He stated that SB 49 was designed to correct that miscalculation and thought the Bill fair. He conveyed one caution to be that with one flat fee on pickups and trailers again people have a tendency to overload. **SENATOR SWYSGOOD** narrated that he hoped people did not abuse the flat fee system to the extent that it would create problems for the MDT which would necessitate enforcement. He reiterated the fact that the motor carrier industry had been under the impression they would be charged the \$15.25 for a plate for their trailer and that had not happened because of the proration which had occurred.

SENATOR SWYSGOOD stated that while the motor carrier industry may

have realized some benefit from the '93 legislation, they were here to state that had not been their original understanding and they were here to pay their fair share. **SENATOR SWYSGOOD** emphasized that he hoped the Committee would give the Bill a Do Pass.

SENATOR NELSON asked that before the hearing was closed, if she could be put on record as thanking **Dave Galt** for his exceptional efforts to handle the difficulties which had occurred with the '93 legislation. She expressed her appreciation for his efforts which she described as above and beyond his duty.

ACTING CHAIRMAN MOHL declared the hearing on SB 49 as closed, and turned the Chair back to **SENATOR SWYSGOOD**.

VICE CHAIRMAN SWYSGOOD announced that there would be an executive action session next Tuesday on some bills previously heard and two bills to be heard. **VICE CHAIRMAN SWYSGOOD** then announced adjournment of the Committee.

ADJOURNMENT

Adjournment:

Sen. Tveit

SENATOR LARRY TVEIT, Chairman

Carla M. Turk

Carla M. Turk, Secretary

LJT/cmt

SENATE HIGHWAYS

EXHIBIT NO. 1

DATE 1/12/95

BILL NO. SB 47

SENATE BILL: 47
SPONSOR: SENATOR SWYSGOOD
TESTIMONY SUBMITTED BY: DAVID GALT, ADMINISTRATOR
MOTOR CARRIER SERVICES DIVISION

DATE:

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, FOR THE RECORD MY NAME IS DAVID GALT AND I AM THE ADMINISTRATOR FOR THE MOTOR CARRIER SERVICES DIVISION. THE DEPARTMENT OF TRANSPORTATION SUPPORTS THIS BILL FOR THE REASONS STATED BY SENATOR SWYSGOOD.

OVER THE YEARS WE HAVE BEEN FACED WITH REQUESTS TO ALLOW PARTIAL PAYMENT OF PRORATE FEES, BECAUSE THE TOTAL BILL WAS TOO EXPENSIVE TO PAY IN ONE LUMP SUM IN JANUARY. WHEN WE LICENSE A CARRIER FOR OPERATION IN OTHER STATES WE MUST COLLECT THE TOTAL DUE FOR ALL THE OTHER STATES, PLUS ALL OF THE MONTANA PROPERTY TAX. THE ONLY AMOUNT WE COULD ACCEPT PARTIAL PAYMENT FOR IS THE GVW FEE PORTION. DEPENDING UPON THE PERCENTAGE OF MONTANA MILES A CARRIER OPERATES, THIS MAY OR MAY NOT BE MUCH HELP TO THE CARRIER. STAGGERED REGISTRATION ALLOWS US TO COLLECT A FULL YEARS FEES, BUT AT DIFFERENT TIMES OF THE YEAR. THIS BILL SETS UP FOUR REGISTRATION CYCLES:

- A) JANUARY TO DECEMBER
- B) APRIL TO MARCH
- C) JULY TO JUNE
- D) OCTOBER TO SEPTEMBER

A LARGE CARRIER COULD THEN BREAK THEIR FLEETS INTO AS MANY AS FOUR DIFFERENT ACCOUNTS AND STAGGER THEIR REGISTRATION CYCLES. IN ESSENCE THEY COULD LICENSE ONE QUARTER OF THEIR FLEET, FOUR TIMES A YEAR. THIS SOLUTION ALLOWS MCS TO COLLECT AND REMIT A FULL YEARS OPERATING FEES TO THE OTHER STATES AND BE IN COMPLIANCE WITH INTERNATIONAL LICENSING AGREEMENTS. THIS BILL ALLOWS MCS TO EVEN OUT THE WORKLOAD IN THE LICENSING SECTION AND EVENLY DISTRIBUTE MONTANA'S CASH COLLECTIONS THROUGHOUT THE YEAR.

THIS BILL DOES HAVE SOME DOWN SIDES DEPENDING, UPON YOUR PERSPECTIVE:

- 1) MCS WILL LOSE THE ABILITY TO ACCEPT QUARTERLY PAYMENTS FOR THE GVW FEE PORTION OF THE PRORATE OPERATORS BILL. IT WOULD SIMPLY BE TOO COMPLICATED TO HAVE FOUR DIFFERENT ANNUAL CYCLES, EACH WITH FOUR DIFFERENT BILLING FREQUENCIES. RATHER THAN FOUR BILLING FREQUENCIES, WE WOULD THEN HAVE 16. A FEW CARRIERS HAVE EXPRESSED THIS CONCERN, HOWEVER, AS WE POINT OUT, THEY WOULD BE ABLE TO SPLIT THEIR FLEET INTO MORE THAN ONE CYCLE AND ACHIEVE THE SAME PURPOSE AS QUARTERLY GVW FEE BILLING. ON THE OTHER HAND, ELIMINATING THE QUARTERLY GVW FEE PAYMENT SAVES THE INDUSTRY LESS THAN \$30,000 IN RE-REGISTRATION FEES.

1/12/95

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- 2) THERE WILL BE NO MORE GRACE PERIOD FOR CARRIERS TO GET THEIR LICENSE PLATES ON THEIR VEHICLES. ONE OF THE MAJOR CONCERNS IN THE NATIONAL ARENA IS THE ABUSE OF GRACE PERIODS BY LESS THAN REPUTABLE CARRIERS. WITHOUT GRACE PERIODS, MCS WILL HAVE TO START THE PROCESS EARLIER AND BE ABLE TO GET THE CREDENTIALS TO THE CARRIER IN PLENTY OF TIME TO MEET THE ENFORCEMENT DATE.
- 3) SOME CARRIERS EXPRESSED CONCERN THAT THEY WANT TO REMAIN IN A JANUARY TO DECEMBER CYCLE. IF THIS LEGISLATION PASSES, MCS CAN ACCOMMODATE ALL REQUESTS TO KEEP A CURRENTLY REGISTERED CARRIER IN ANY CYCLE THEY WANT TO BE IN. AFTER THE FIRST YEAR, MCS WILL ASSIGN SPECIFIC REGISTRATION PERIODS TO NEW CARRIERS UNTIL EACH OF THE CYCLES HAS A PROPORTIONATE NUMBER OF REGISTRANTS.

4. And MOT will do implementation rules.

WITH THE EXCITEMENT GENERATED DURING THE SPECIAL SESSION AND THE FEELINGS BY SOME LEGISLATORS THAT THIS IDEA WAS TOO GOOD TO WAIT UNTIL THE 1995 SESSION, MCS HAS DONE A CONSIDERABLE AMOUNT OF PREPARATION FOR THE IMPLEMENTATION OF STAGGERED REGISTRATION. WE HAVE SURVEYED ALL THE PRORATE CARRIERS TO SEE THE LEVEL OF INTEREST IN THIS PROGRAM. THE FIRST SURVEY IN SPRING OF 1994 WAS POSITIVE. OUT OF 1200 SURVEYS SENT, WE RECEIVED ABOUT 400 RESPONSES. 75% OF THOSE RESPONSES WERE IN SUPPORT OF STAGGERED REGISTRATION.

SENATE HIGHWAYS

EXHIBIT NO. 1

DATE 1/12/95

BILL NO. SB 42

WE BELIEVE THIS BILL PRESENTS A WIN-WIN FOR BOTH GOVERNMENT
AND INDUSTRY. MDT URGES YOUR SUPPORT FOR THIS BILL. THANK
YOU.

DAG:G:MCS:51.mb

SENATE HIGHWAYS

EXHIBIT NO. 2

Amendments to Senate Bill No. 49
First Reading Copy

DATE 1/12/95

BILL NO. SB 49

Requested by Senator Swysgood
For the Senate Committee on Highways and Transportation

Prepared by Connie Erickson
January 11, 1995

1. Title, lines 14 and 15.
Following: "BUSES;" on line 14
Strike: "REVISING" on line 14 through "VEHICLES;" on line 15

2. Title, line 17.
Strike: "61-10-206,"

3. Page 10, line 18 through page 11, line 4.
Strike: section 7 in its entirety
Renumber: subsequent sections

4. Page 12, line 9.
Strike: "9"
Insert: "8"

5. Page 12, line 10.
Strike: "9"
Insert: "8"

BILL NO: LC326 SB0049
SPONSOR: SENATOR SWYSGOOD
SUBMITTED BY: DAVID A. GALT,
ADMINISTRATOR
MOTOR CARRIER SERVICES

DATE:

The Montana Department of Transportation (MDT) requested legislation making changes to the Gross Vehicle Weight statutes during the 1993 legislative session. The intent of the requested legislation was two fold: first, to ensure vehicles operating on the state highways were paying their fair share of cost to the highway system; and, to move to a power unit only registration, thus, bringing Montana into compliance with the intent of the International Registration Plan. Upon passage of the legislation and during the implementation process, it became evident to MDT that there are some inequities and problems when this new

fee structure was applied to small pickup trucks. Maintaining a power unit based fee structure is imperative for Montana's commercial trucking industry to remain competitive with those in our neighboring states, however, the impact to pickups was not intended and did not meet with MDT's intention to distribute highway cost equitably. To correct this, MDT is proposing this bill.

Section 1 eliminates all interstate commercial trailers and semitrailers licensing in an apportioned registration plan from property taxes. The 1993 legislation eliminated all trailers and semitrailers with a gross vehicle weight over 26,000 pounds from property tax. The original intent of MCS legislation was to bring Montana into compliance with the International Registration Plan. This requirement has not been met because all trailers whose gross vehicle weight is less than 26,000 pounds still have to be registered by all member jurisdictions of the International Registration Plan. To remedy this, MDT

proposes eliminating the property tax or ad valorem tax on all interstate commercial trailers.

~~Fiscal Impact: (\$28,590) loss of
Revenue~~

Sections 2, 4 and 6 will be explained together as they are related. Sections 2 and 4 require a declared weight on light trucks, intrastate trailers and semitrailers when they are registered.

Since

Section 6, proposes collecting gross vehicle weight (GVW) fees on light trucks based on the manufacturers rated capacity. This will eliminate the GVW weight on these vehicles when they register; and, since trailers no longer have a GVW weight on their registration something is needed for enforcement of safety laws, commercial drivers license laws and the states staggered registration system. So ~~Section 2 and 4 implement a declared weight to cover these areas.~~

Section 6 corrects an inequity in the gross vehicle weight fee structure.

Under the 1993 legislation, any pickup truck that tows any kind of a trailer (horse trailer, boat trailer, travel trailer, etc.) pays a combined weight fee for the truck and the trailer. Combining these weights was an excessive burden upon some truck owners. The problem did not become apparent until the legislation was being implemented. This proposed legislation creates a flat fee for owners of trucks rated at one ton or less. The truck owner could then tow any trailer, regardless of the weight. Trucks rated at one and a half ton or more will stay with the existing GVW fee system.

Explain Graph & Handouts.

Section 3 changes the wording in the staggered registration requirement for light trucks from a gross vehicle weight reference to the manufacturers rated capacity. /

Section 5 ensures that all interstate trailers and semitrailers registered and licensed through the Department of Transportation are required to pay the

full registration fees of \$15.25. Other IRP member jurisdictions charge their base carriers a registration fee for their trailers. The fee is not prorated. This was an oversight in the 1993 legislation. The intent had always been to have all interstate trailers pay the full registration fee. The specific statute that addresses these fees was overlooked and trailers are currently only paying a pro-rated portion of the \$15.25.

Section 7. Farm Fee - Amendment

Section 8 eliminates the need for trailers registered and licensed in other jurisdictions to purchase a temporary trip permit to enter Montana. Montana no longer taxes or collects gross vehicle weight fees on trailers, so the temporary trip permit structure has been changed to focus on the combined weight of the motor truck or tractor and the number of miles the vehicle(s) will be travelling in the state. Trailers that are not licensed or registered any where will still pay the minimum fees based on miles

travelled. The intent is to charge the same fee that is now charged to multiple vehicle combinations.

Section 9 is a definition of declared weight, to be used when registering a light truck or trailer.

Collecting the full \$15.25 on each Montana based interstate trailer will generate approximately \$100,000 in additional revenue. There were 9,128 trailers licensed to date in 1994 and they all paid a prorated portion of the \$15.25. This revenue is distributed to the county road fund at \$10.00 per trailer; the state general fund at \$5.00 per trailer; and the Highway Patrol Retirement fund at \$.25 per vehicle.

Thank you.

Current Fee Schedule

	100% Annual Fees	35% Annual Fees
Up to 6,000 lbs.	\$ 7.50	\$6.00
6,001 through 8,000 lbs.	9.50	6.00
8,001 through 10,000 lbs.	13.25	6.00
10,001 through 12,000 lbs.	15.00	6.00
12,001 through 14,000 lbs.	17.00	6.00
14,001 through 16,000 lbs.	21.00	7.35

Proposed Fee Schedule

	100% Annual Fees	35% Annual Fees
Manufacturers rated capacity up to 1/2 ton	\$ 7.00	\$ 6.00
Manufacturers rated capacity of 3/4 ton	12.50	6.00
Manufacturers rated capacity of 1 ton	17.50	6.00
Up to 16,000 lbs.	21.00	7.35



DATE Thursday 1-12-95

SENATE COMMITTEE ON HIGHWAYS

BILLS BEING HEARD TODAY: SB 47 SB 49

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
RILEY JOHNSON	NFIB	SB-49	✓	
Dave GALT	MDT	SB 47 SB 49	✓	
Bud Schoen	MOTOR VEHICLE DIV	SB 47 SB 49	✓	
Ray Kuntz	Watkins Shepard	SB 47		
Bob Stephens	MT G. Hemen	SB 47 SB 49	✓	
Vera Petersen	M.A.C.O.	SB 47 SB 49	✓	
Russ R. King	Westray		✓	
Jan Wink	Mergenthaler TDSG	SB 47	✓	
Maureen Schumaker	wife	49 47	✓	
Ben Howardson	MMCA	49 47	✓	
Lerna Frank	N.H. Farm Bureau	49	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY