

MINUTES

**MONTANA SENATE
55th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON HIGHWAYS & TRANSPORTATION

Call to Order: BY CHAIRMAN ARNIE MOHL, on January 7, 1997, at
1:00 PM, in Room 410

ROLL CALL

Members Present:

Sen. Arnie A. Mohl, Chairman (R)
Sen. Mack Cole, Vice Chairman (R)
Sen. Larry Baer (R)
Sen. Bob DePratu (R)
Sen. John R. Hertel (R)
Sen. Ric Holden (R)
Sen. Reiny Jabs (R)
Sen. Greg Jergeson (D)
Sen. Linda J. Nelson (D)
Sen. Barry "Spook" Stang (D)

Members Excused: None

Members Absent: None

Staff Present: Connie Erickson, Legislative Services Division
Phoebe Kenny, Committee Secretary

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 12; Posted 1-2-97
Executive Action: None

HEARING ON SB 12

Opening Statement by Sponsor:

SENATOR CHUCK SWYSGOOD, SD 17, Dillon, stated he was bringing forth a bill that changed the registration period for trailers and semi-trailers registered through the proportional registration agreement, from an annual registration to a five year period. He explained they were asking to do this because annual licensing was a burden in several ways. First they need to replace the cab cards in units on a yearly basis. This requires truck fleet owners to physically locate the vehicle and replace those items. This process is difficult with trailers because some of these fleets are spread all over the country and it takes a considerable period of time to locate them. He claimed that in 1993 they moved all the license fees on trucks to the power unit,

so basically the Gross Vehicle Weight fees were taken off the trailers and an annual fee of \$15.25 per license was installed. What this bill intended to accomplish was, to over a regimented period of time, 5 years, start to register trailers for five years at a time, and pay the fees at the time they register. He recapped by saying this bill converted licensing from an annual payment of \$15.25 to a five year payment of registration. It's then regimented because of the number of trailers, and phased in so there was not a loss to county revenue. He reserved the right to close.

Proponents Testimony:

David A. Galt, Administrator, Motor Carrier Services Division, turned in written testimony, see EXHIBIT 1.

Ben Havdahl representing Montana Motor Carriers Association, testified that they had reviewed the bill with the Department of Transportation and stated he thought it had some benefits with respect to saving some administrative costs and benefits for the department also, so they were in support of the bill.

Opponents Testimony: None

Questions from the Committee Members and Responses:

SENATOR "SPOOK" STANG, SD 36, Saint Regis, asked if there would be any affect on the counties regarding the five year average in the fiscal note. He thought that under one of the bills passed last session if there were any affect at all on the counties they had to know what it was, and how they were going to deal with it.

David Galt, said that because they were licensing and collecting fees in advance there was a net increase in revenue in fiscal year 1998 of about \$384,000 dollars. They collect \$187,000 dollars a year on these trailers. The first year they collect they take 20% of these and license them for one year so there will be no change. The second 20% group you license for two years and so on. There will be a spike the first year of \$384,000 more revenue then is usually brought in. From that year on they will collect a full five year fee on 20% of the fleet so they will still be collecting \$187,000 dollars each year. The only way that he could see a decrease happening is if the number of trailers that were licensed in the International Registration Program decreased.

SENATOR REINY JABS, SD 3, Hardin, asked if this affected any other trailers such as horse trailers for example.

SENATOR CHUCK SWYSGOOD, SD 17, Dillon, replied that it only effected trailers registered through the International

Registration Program. Mostly interstate trailers that travel through the state or those with owners that are domiciled here in Montana but travel into other states.

SENATOR MACK COLE, SD 4, Hysham, asked if the \$374,000 increase was picked because of the way they would be licensing them now.

David Galt, replied that they had moved all the fees, taxes and gross late fees on trucks and trailers in Montana to the power unit. The only fee left on trailers was the registration fee of \$15.25. That fee stayed the same. The reason that they were seeing a revenue spike that first year was because they have to get them into a program where they expire on a staggered implementation schedule and then license them for five full years. So virtually what they were doing was collecting future years fees for registration up front so you were seeing an up front spike. There is absolutely no increase in the fee itself, it's just that they were collecting in advance. The spread sheet explained this. **EXHIBIT 2.** If they went with an implementation schedule that did the whole fleet just for five years, the counties would be getting \$561,000 every five years, disrupting their revenue streams. They need to keep the revenue stream even and this was the way to do that. In the future, once this was implemented the revenue stream would stay the same at \$187,000 and would only change based on the number of trailers that were registered. Not the fee.

SENATOR JOHN HERTEL, SD 47, Moore, asked what would happen if they changed the fee of \$15.25. Could you increase the fee to the people who were purchasing the first year or would you have to wait till the end of the five years?

David Galt said that would be a legislative prerogative. You were collecting those fees five years in advance and you could start with the incoming bunch at any date that the legislature saw fit. You would also have to give credit to the people who were already licensed. He thought that whenever you did something like going on a multi-year licensing plan you would have to deal with a time delay.

Closing Statement by Sponsor:

SENATOR CHUCK SWYSGOOD, SD 17, Dillon, said in regards to Senator Hertel's question they do that with a lot of things, for example, when they took driver's licenses from four years to eight years the fee just increased for the amount of time that the drivers license was extended to. So this would work the same, they just would have to figure out what the mechanisms were to put it in place. He closed by saying this bill really does save administrative costs for the department. It also saves a lot of hassle for the industry as it relates to locating their trailers and only having to pay once every five years. It does not disrupt the flow into the counties. He thought it was a win-win situation for everyone.

SENATOR "SPOOK" STANG, SD 36, Saint Regis, asked what they were planning on doing with the saved administration cost and why they were not on the fiscal note.

David Galt, stated as far as time involvement, he was already stretched thin and would like to reallocate the human resources in his department to permits and licensing to keep turn-around time in the industry to a minimum. If there were ever extra human resources, those were evaluated in the department on a yearly basis. He alleged there was a mistake in the fiscal note, that being, the fact that cab cards and cab card forms would not have to be printed every year, creating a savings in actual operating expenses.

ADJOURNMENT

Adjournment: 1:30 PM


SENATOR ARNIE MOHL, Chairman


PHOEBE KENNY, Secretary

AM/PK