

Senate Bill 740

Testimony regarding fees for participating in the International Fuel Tax Agreement.

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INTRODUCTION

Senate Bill 740 allows the Oregon Department of Transportation (ODOT) Motor Carrier Transportation Division (MCTD) to set new fees that motor carriers will pay to participate in the International Fuel Tax Agreement (IFTA). This bill calls for ODOT to adopt rules establishing the annual fee that Oregon-based motor carriers pay to participate in the IFTA. The fees would replace an existing \$150 annual fee and be designed to cover the cost of administering the program. New fees could be set on a graduating scale based on carrier fleet size. Amendments to the bill have been discussed that would limit the annual fee to a maximum of \$650.

DISCUSSION

The IFTA is used to collect fuel taxes from the trucking industry. About 4,300 Oregon carriers participate in IFTA so they can operate in other states and Canadian provinces and then work with MCTD to report and pay the fuel taxes owed to those jurisdictions. MCTD collects the fuel tax payments and distributes them to jurisdictions as a service to Oregon carriers.

Oregon joined IFTA in 1993 after passage of House Bill 2200. That legislation provided for the current \$150 fee, which was intended to reimburse the state for the cost of providing this service. Not all carriers pay the \$150 annual fee because the law currently allows the fee to be waived for any carrier whose total tax liability for a prior year is less than \$300.

The administration of the IFTA program was identified by the Department of Justice (DOJ) as inappropriate use of state highway fund dollars. DOJ advised us that to continue to administer the IFTA program, motor carriers must pay an annual fee that covers the direct and indirect program costs. Those costs total \$1.375 million per year.

After examining the carriers currently participating in the IFTA program based on the size of their truck fleets, we propose to conduct a rulemaking to set annual fees at three graduated levels:

Number of Trucks	Number of Carriers	Proposed Annual Fee
1 to 5	3,151	\$250
6 to 25	588	\$425
26 or more	581	\$580

If all of the Oregon carriers currently participating in the IFTA program paid annual fees as proposed above, we would collect the \$1.375 million needed to cover all program costs.

SUMMARY

SB 740 addresses the issue of proper use of state highway funds and allows MCTD to continue to administer the program as a service to Oregon-based carriers.