

**MINUTES OF THE
TRANSPORTATION INTERIM COMMITTEE**

Wednesday, September 18, 2002 – 9:00 a.m. – Room 405 State Capitol

Members Present:

Sen. David H. Steele, Senate Chair
Rep. Joseph G. Murray, House Chair
Sen. Dan R. Eastman
Sen. Karen Hale
Sen. Peter C. Knudson
Sen. Ed Mayne
Sen. Carlene M. Walker
Rep. Gerry A. Adair
Rep. Don E. Bush
Rep. Marda Dillree
Rep. Neil A. Hansen
Rep. David L. Hogue

Rep. Kory M. Holdaway
Rep. Brad King
Rep. Karen W. Morgan
Rep. Max W. Young

Members Absent:

Rep. Stephen D. Clark

Staff Present:

Mr. Benjamin N. Christensen, Research Analyst
Ms. M. Gay Taylor, General Counsel
Ms. Shannon C. Halverson, Committee Staff
Ms. Wendy Bangerter, Legislative Secretary

Note: A list of others present and a copy of materials can be found at <http://www.image.le.state.ut.us/imaging/history.asp> or by contacting the committee secretary, Wendy Bangerter, at 538-1032.

1. Committee Business

Chair Murray called the meeting to order at 9:05 a.m.

MOTION: Rep. Hansen moved to approve the minutes of the June 19, 2002 meeting. The motion passed unanimously with Sen. Eastman, Sen. Mayne, Rep. Bush, Rep. Holdaway, Rep. King, and Rep. Morgan absent for the vote.

2. State Highway System Needs

Mr. John R. Njord, Executive Director, UDOT (Utah Department of Transportation), reported on the court decision regarding the Legacy Highway. He stated there were many more issues affirmed than there were reversed or remanded. He stated they will begin work immediately with the Federal Highway Administration and the Army Corps of Engineers to address those issues of concern, as well as more analysis on the Denver Rio Grande corridor, wildlife, and sequencing. He emphasized the court's affirmation that the Legacy Highway is necessary. He also noted that it was never UDOT's intent to rely only on Legacy, but to also pursue mass transit options. He explained the projects that were keeping the contractor working during this waiting period. He stated that they will also explore the possibility of appealing to a higher court.

Mr. Njord distributed a handout and gave a slide presentation titled Utah Transportation: The State Of the System. He reviewed the economic effect of transportation in increased productivity and economic growth, jobs, and support to the modern business environment. He stated that the biggest challenge is increasing congestion, which results in loss of productivity and faster highway deterioration. He explained UDOT's three-pronged approach: 1) use preventative maintenance to protect the system and extend the life of the highways; 2) make the system work better by employing CommuterLink and providing access

\$1.4 million has been collected in revenue and about \$12,700 has been refunded. Some refund requests were refused and some are still pending.

Mr. Mike Taylor, representing the car rental association, stated that car rental agencies are charged the \$200 when one of their rental cars has to be picked up. He noted that because the people being charged with a DUI are often not responsible people, some do not pay their bills forcing the car rental agency to cover the bill.

Mr. Bart Blackstock, Deputy Director, Driver License Division, explained the impact of the fee from their perspective. He noted that the only people who are receiving refunds are those who find out that it is potentially available. He stated that \$84 of the fee is given to the Department of Public Safety to support the DUI enforcement squad. He said, out of fairness, those eligible for a refund should be notified. This notification may cause more refunds to be given, at a cost to the State.

Mr. Christensen noted that refunds are being given through administrative discretion, not a statutory provision. He explained that this legislation provides the Tax Commission with the statutory authority to make certain exemptions and refund the impound fee if the Driver License Division determines not to suspend a license following a hearing. If the amendment is added, no hearing would be required for a refund if the Driver License Division determines that a license should not be suspended.

Sen. Steele asked that a volunteer working subcommittee be formed to study this issue further before the next meeting. Rep. Holdaway, Sen. Walker, and Rep. Hogue agreed to participate with Sen. Steele.

5. Clean Special Fuel Tax Certificate (draft legislation)

Mr. Ben Christensen distributed a handout titled "Taxation of Alternative Fuels for Highway Use" and explained that the owner of a vehicle powered by clean special fuel is required to purchase an annual clean special fuel tax certificate in lieu of paying the special fuel tax. The Tax Commission has reported that this requirement is not enforceable. In addition, current state law exempts government vehicles from motor fuel and special fuel taxes; but government vehicles are not specifically exempted from the purchase of the clean special fuel tax certificate. He stated that 1) alternative fuel use will increase over time, as it should; 2) there is no good method in place to tax alternative fuels; and 3) something can be done about the problem while it is still small. He emphasized that many who use alternative fuels and are using the highways do not pay for highway use because their alternative fuel tax is not being enforced. Small statutory changes over time have reduced the Tax Commission's power to enforce the laws. He introduced two options: 1) to collect tax at the retail level or 2) continue selling clean special fuel tax certificates and try to track them better. He stated that using alternative fuels will reduce our dependence on foreign oil and reduce air pollution. He referred to draft legislation titled "Clean Special Fuel Tax Certificate" that had been mailed to the Committee prior to the meeting. He explained the legislation exempts governmental entities from purchasing the certificate currently being used.

Mr. Jack Alozondo, Questar, stated they promote clean fuels and sell natural gas. He explained there are about 26 public natural gas stations in the state and the State of Utah owns six. Users are given a gas

card and dispense the fuel just as they do gasoline. Questar would consider the feasibility of charging tax at the retail level.

Mr. DePaulis stated the Tax Commission would favor collecting taxes at the retail level.

Ms. Lisa Yoder, Alternative Fuels and Program Manager for the Utah Energy Office, stated that the Utah Energy Office, auto manufacturers, and the Clean Cities Coalition are very close to identifying vehicles by their vehicle identification number and what type of fuel each uses. That would provide an accurate number of alternative fuel vehicles in the state and the fuel type. She noted that annual registration could include a line item for taxing purposes. It was noted that it would not include converted vehicles.

Ms. Kelly Kammerer, Regional Representative for American Honda Motor Company, who, along with their regular production, produce super-low emission vehicles stated their position that the best solution is to include a fee on the annual registration. She encouraged the continuance of incentives for alternative fuel use. She offered their input for future legislation. She spoke in favor of using domestically produced fuels.

MOTION: Rep. Bush moved to adopt the "Clean Special Fuel Tax Certificate" draft as a committee bill and ask for more deliberation on taxing alternative fuels to be presented later. The motion passed unanimously with Sen. Eastman, Sen. Mayne, Rep. Dillree, Rep. Holdaway, and Rep. Young, absent for the vote.

Rep. Murray, Rep. Morgan, Rep. Bush, and Rep. Hansen agreed to work with the Tax Commission, Questar, the Utah Petroleum Association and the Utah Energy Office to bring back a recommendation for taxing alternative fuels.

6. Other Items / Adjourn

MOTION: Rep. Adair moved to adjourn the meeting. The motion passed unanimously with Sen. Mayne, Rep. Dillree, Rep. Holdaway, and Rep. Young, absent for the vote. Chair Murray adjourned the meeting at 11:42 a.m.