



HOUSE BILL 26

Senate Transportation, Commerce and Workforce Committee

March 20, 2017

Chair LaRose, Vice Chair Kunze, Ranking Member Tavares, and members of the Senate Transportation, Commerce and Workforce Committee, my name is Tom Balzer, President and CEO of the Ohio Trucking Association and the Ohio Association of Movers. Collectively we represent over 1,000 trucking, moving, logistics, and warehouse companies and allied vendor members.

The highway system is America's biggest asset and economic influence. Everything we encounter on a given day was at one point on a truck. Trucks transport 75% of the total manufactured tonnage in Ohio, and 82.2% of Ohio communities depend exclusively on trucks to move their goods. We in turn rely on the highway system to deliver what this country needs and are very protective of the trillions of dollars we have invested in America's highways.

Trucking pays its share in regards to highway funding. According to the American Transportation Research Institute, our industry pays 37% of all taxes owed by Ohio motorists, while representing only 10% of the vehicle miles traveled in the state. Furthermore, trucking pays taxes, proportional to the usage, to those states. If we use the roads in a state, we pay that state, regardless of where we buy the fuel or where we are domiciled.

The associations have a strongly held belief that all the road fees and taxes we pay should go back to road and bridge construction for both state and federal funds. Diversions of these funds continue to plague the Federal Highway Trust Fund. This budget diverts too much funding to projects that have little to no impact on protecting our highway infrastructure. Continuing to divert funds to sources unassociated with the highway system, including transit, interpretive ventures, bicycles paths, and "smart" projects, only robs the fund from fulfilling its true purpose: roads and bridges. There are other funding sources that can meet these needs; highway funding is meant for highways.

The citizens of Ohio in 1947 codified this belief in the Ohio Constitution:

Use of motor vehicle license and fuel taxes restricted.

§5a No moneys derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on public highways, or to fuels used for propelling such vehicles, shall be expended for other than costs of administering such laws, statutory refunds and adjustments provided therein, payment of highway obligations, costs for construction, reconstruction, maintenance and repair of public highways and bridges and other statutory highway purposes, expense of state enforcement of traffic laws, and expenditures authorized for hospitalization of indigent persons injured in motor vehicle accidents on the public highways.

The Ohio House of Representatives added two provisions to their version of the bill that we strongly support, and hope that you will expand on one of these provisions.

The first is a pilot project for four counties, intended to reduce the Highway Safety Fee from \$30 per vehicle to \$15 per vehicle. The Highway Safety Fund, as well as the County Permissive Tax, puts Ohio trucking companies at a disadvantage when compared to out of state trucking companies. Unlike passenger vehicles, truck registration is allocated proportionately to the states in which they operate. This is done through a system called the International Registration Plan (IRP), which allows companies to “base plate,” or pick, the state in which they file their registration, which is based on an established place of business and ownership, or lease or rental of a physical structure that is designated by a street name or road. Jurisdictions require proof of this. The applicant can submit various documents as proof, including utility bills in the company’s or a person’s name, state government provided documents showing corporate residency, weapons permit (US only), bank statements, a driver’s license, titles, tax returns showing home jurisdiction address, or a health care card (Canada only).

It is not unheard of for companies who have multiple locations to venue shop for states without additional fees. Ohio puts itself in a bad position nationally by separating out these fees. We wish for a program that would address all add-on fees, such as the Highway Safety Fee and the County Permissive Tax on Commercial Motor Vehicles, through a uniform fee structure that would be available to all counties.

The second is a study on the impacts of reducing the costs of permanent trailer plates in Ohio. In 2016, Ohio had 335,218 commercial trailers registered, up from 307,739 in 2015.¹ There were 255,792 commercial trucks domiciled in Ohio.² The compacts between states allow for motor carriers to register trucks in a state they have nexus to, which is known as a base state. The same is not true regarding the registration of trailers; one only needs a registered agent. In fact, there are some states that do not require a title transfer to their state as a prerequisite of registration of trailers.

As referenced on the attached table, Ohio has the highest fee for a permanent trailer plate in the nation, ranging from \$10 to \$400, compared to surrounding states, including Michigan (at \$300), Pennsylvania at (\$135), and Kentucky (at \$107). Indiana is one of the gold standard states where the fee is only \$83, and the registration process is streamlined. Many carriers from around the country use Indiana as their state for registering trailers because of these conditions.

While difficult to determine the growth in the registration of commercial trailers in Ohio as a result of a lower fee, it is safe to surmise that, given the volume of commerce transactions in Ohio, carriers exposed to the newly reduced fee would see the financial benefit of moving their registration. Ohio is limiting itself in the amount of potential commercial trailer registrations, as fees are noncompetitive with other states.

Once a trailer is permanently plated, there is no reason to change the state in which it is plated. The additional cost of the Ohio County Permissive Tax factors in the business decision concerning the location of vehicle plating. Even with these challenges, we feel that the fiscal impact based on the 335,218 number is gravely flawed. There will without question be a significant growth in the number of trailers registered in Ohio if the fee is competitive with Indiana. We will pick up registrations from surrounding states who have higher. Most importantly, we will stop the outmigration of trailer registration from Ohio companies.

Mr. Chairman, this concludes my testimony, and I would be happy to answer any questions.

¹ Ohio Bureau of Motor Vehicles

² Federal Motor Carrier Safety Administration MCS-150 reported power units for Ohio domiciled carriers.

State Annual Vehicle Registration Fees
On a Tractor-Semitrailer Combination at 80,000 Pounds

Effective January 1, 2015

<u>State</u>	<u>Registration Fee</u>
Alabama	\$ 836
Alaska	351
Arizona	4202
Arkansas	1573
California	2975
Colorado	4862
Connecticut	1586
Delaware	1430
D.C.	2758
Florida	1336
Georgia	1012
Hawaii	970
Idaho	3375
Illinois	3210
Indiana	1932
Iowa	1725
Kansas	2315
Kentucky	2296
Louisiana	514
Maine	4002
Maryland	1877
Massachusetts	1920
Michigan	1960
Minnesota	1773
Mississippi	2927
Missouri	1727
Montana	1296
Nebraska	1281
Nevada	2809
New Hampshire	1091
New Jersey	1255
New Mexico	185
New York	1581
North Carolina	1254
North Dakota	1018
Ohio	1414
Oklahoma	1001
Oregon	1024

<u>State</u>	<u>Registration Fee</u>
Pennsylvania	\$ 1827
Rhode Island	1056
South Carolina	820
South Dakota	1467
Tennessee	1441
Texas	1065
Utah	2872
Vermont	2249
Virginia	1362
Washington	1782
West Virginia	2645
Wisconsin	2610
Wyoming	2231

NOTES:

The fees listed here are those charged in each state for the full annual registration of a tractor-semitrailer combination with a gross combined weight of 80,000 pounds, based in the state and operated by a for-hire motor carrier. Weight fees are included, but, *unlike earlier versions of this chart, miscellaneous nonapportioned fees are not included.*

Semitrailer fees are annual fees, if the state charges one, even where a state also offers an option of multi-year plates for trailing equipment. Where no annual trailer registration is offered, the state's lowest multiyear fee is used.

In-lieu ad valorem fees are included for states that collect such a fee through IRP. Where the state charges an in-lieu fee for vehicles based elsewhere, and a property tax for those bases with it, the property tax is used. For these purposes, the combination is assumed to have a purchase price of \$145,000 (\$115,000 for the tractor and \$30,000 for the semitrailer) and to be in its first year of operation.