

Joint Committee On Carbon Reduction
Co-Chairs Senator Dembrow and Representative Power
Joint Committee Hearing on HB 2020
February 22, 2019

One of the most difficult aspects of Cap and Trade is how it impacts the small to mid-size companies, such as Highway Heavy Hauling, that file heavier weight mile tax reports. Despite the fact that I run about a tenth of the amount of trucks compared to other companies, my trucks run at an escalated weight of 98,000 pounds, which means my weight mile tax report might still be triple the amount of their reports each month.

In addition to my weight mile, I also pay the "RUAF" aka Road Usage Assessment Fees tax, which costs about \$8,000 per month. My weight mile tax fluctuates but is also around \$8,000 per month. My gross sales per month average from \$250k to \$350k and I have 15 employees to whom I pay insurance and great wages. I have new trucks that I make payments on. My fuel bill ranges from \$25,000 to \$35,000 per month. (Note that is 10% of my gross sales.)

That \$16,000.00 per month could be going better places and doing better for our community - not to mention payments on new tractors instead of repairing my fleet that is still 60% pre-emission.

Allow myself to explain the high weight mile tax report. We haul construction equipment and materials. Bridges, new roads, buildings, new habitats - you name it, nothing is built in this country without people that can haul large equipment.

So here is the question: Do I take one 20,000 pound excavator at a time to cut my weight mile tax down to the fee of an 80,000 pound load in order to cut my road usage fee in half, even though it will put more trucks on the road? Or do I load up the 2 excavators that can easily fit on one load, making my truck gross out just under 98,000 pounds and double my weight mile tax fees?

I am paid hourly, so there is absolutely no reason to load up 2 excavators at a time if I am going to pay more taxes. This causes additional traffic which hurts the environment even further by idling on the freeway for hours. Do you see how this hurts emissions in the long run? It is my best interest if I am only thinking about profit and revenue to put more trucks on the road and run at a lighter weight mile tax rate.

In addition, I have been in business less than 6 years and started upgrading my trucks about 2.5 years ago. The companies with a vision of growth are all starting to or have already upgraded trucks to new emission standards. This was a painful process as most of the dealers and shops in Oregon were not even equipped to handle the new emissions on trucks. I paid over \$15,000 in repairs on 3 different new trucks the first year we owned them for problems related to the new software, new parts, and unequipped dealerships. We know this is inevitable and care about emissions, so we are bearing the load and moving forward.

The companies that are not upgrading are consistently the owner operators and companies that own one or two trucks that consistently fly under the radar - not hitting scales, not getting audited by weight mile tax teams, and not making the choice to upgrade due to having only one truck. These people are not yet mandated to have electronic logging devices so there is no way to track them.

A diesel tax would affect each company the same way - across the board, forcing a level playing field. Today, the cleanest trucks on the road pay the same as the dirtiest trucks, because we only ever consider weight and distance.

Converting to a diesel tax would send clear signals to truckers. The trucking work may then go to the teams of professional owners who have the mindset of forward thinking. The weight mile tax is allowing the rich to get richer and the poor to get poorer - if there is such a thing as being rich in the trucking industry.

Finally, although I would like to avoid an increase in any taxes, I am a girl from the mountains of our Coast range and with my simple heart I want fairness. In the words of my daughters, a weight mile tax is not fair. It does not motivate forward thinking or a reduction in emissions.

Respectfully,

Kristine Kennedy

Highway Heavy Hauling