

MINUTES
SENATE TRANSPORTATION COMMITTEE

DATE: Thursday, March 07, 2019

TIME: 1:30 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Brackett, Vice Chairman Crabtree, Senators Winder, Den Hartog, Rice, Burtenshaw, Buckner-Webb, and Nelson

ABSENT/ EXCUSED: Senator Lodge

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Brackett** convened the meeting of the Senate Transportation Committee (Committee) at 1:34 p.m. He announced it was photo day for Senate committees. He apologized that Committee members would be leaving and returning as their photo schedules dictated. He asked for understanding from presenters and the audience, and that no disrespect was intended.

MINUTES APPROVAL: **Senator Nelson** moved to approve the Minutes of January 29, 2019. **Senator Rice** seconded the motion. The motion passed by **voice vote**.

H 107 **Chairman Brackett** invited Representative Palmer, Chairman of the House Transportation and Defense Committee, to present **H 107**.

Representative Palmer said there is only one change in this bill, it is on the last page, and it increases the distribution to the Transportation Expansion and Congestion Mitigation (TECM) program from 1 percent of sales tax collections to 2 percent.

As the Committee knows, there is a shortfall in transportation funding. This bill would add approximately \$17.5 million into the TECM fund. This would be new money to help with the increasing transportation needs, partially as a result of the population growth that Idaho is experiencing. As of last month, the growth in the sales tax was ahead by \$75 million. This bill asks for just \$17.5 million of that total. Since it would be considered new money, it is not being taken away from any other budget, and the budget line is below the distribution to the cities and counties. The federal government has indicated they would like states to use nontraditional funds for transportation projects, and because the sales tax is considered a nontraditional fund, Idaho may get additional federal funding, too. Last year the Idaho Transportation Department (ITD) turned the \$15.7 million in sale tax revenue into about \$105.7 million — a \$90 million boost from the federal government. He thinks it is important to use nontraditional General Funds for roads, as roads are the basis of economic growth.

DISCUSSION: **Chairman Brackett** asked Mollie McCarty, ITD's Governmental Affairs Manager, to expand on how Idaho qualified for the federal Infrastructure for Rebuilding America (INFRA) grant program that Representative Palmer mentioned in his presentation. **Ms. McCarty** said that the Trump Administration wants states to look more creatively, innovatively, and at nontraditional funding as a way to fund transportation. The pledge of funding from the state plays a big part in the amount of federal funds received. ITD used the TECM program funds as its pledge in a INFRA grant application, which was successful. **Chairman Brackett** asked if Grant Anticipation Revenue Vehicle (GARVEE) funding was considered nontraditional. **Ms. McCarty** said that GARVEE is counted as federal funds, and does not qualify for INFRA grant application purposes.

MOTION: **Senator Rice** moved to send **H 107** to the floor with a **do pass** recommendation. **Senator Den Hartog** seconded the motion.

DISCUSSION: **Senator Nelson** asked Ms. McCarty if a mileage tax on vehicles could be considered a nontraditional fund source for INFRA grants. **Ms. McCarty** said there is no state currently doing that and she was unsure whether a mileage tax would qualify as it would likely be a replacement for the fuel tax. For trucks, it would be replacing the registration fee, but again she was unsure if it could be considered nontraditional.

Senator Nelson asked Representative Palmer if his understanding was correct that TECM funds go only to ITD projects, which sidesteps funding local jurisdictions' projects. In his Legislative District, ITD has some roads, but the vast majority of roadways are maintained by the local highway district. He questioned why funds to local jurisdictions is not part of **H 107**. **Representative Palmer** said Senator Nelson was correct that TECM funds go just to ITD. When **H 107** was being drafted, there were other distributions going to local jurisdictions. Consequently, **H 107** is a continuation of the traditional distribution of the TECM sales tax share.

Senator Winder requested the Committee go at ease until he returns from a scheduled Committee photo.

COMMITTEE AT EASE: With Committee members coming and going because of the committee photos schedule, **Chairman Brackett** called the meeting at ease until a quorum could be reestablished.

RECONVENED: **Chairman Brackett** reconvened the Committee meeting at 1:49 p.m.

DISCUSSION: **Representative Palmer** shared a brief recap of **H 107** to the returning Committee members.

Senator Burtenshaw asked if the additional sales tax would be a transfer just like other TECM funding, and if it would be used for bonding purposes. **Representative Palmer** said it would be a transfer into the TECM fund. Other legislation being considered this session does discuss using the funds for the debt service on bonds with an annual minimum of \$15 million from the sales tax revenue. This bill does not address the use of the funds for bonding purposes. **Senator Burtenshaw** said his concern is the amount of money being transferred out of the sales tax fund before it would go into the General Fund. **Representative Palmer** said the \$15.7 million is already built into the base, just the new money this legislation addresses would be the issue.

Vice Chairman Crabtree asked if he had a sense of which department budget should be shorted in order to give transportation this additional 1 percent of sales tax revenue. **Representative Palmer** said this is already in the Joint Finance and Appropriations Committee's (JFAC) Green Sheet. **Vice Chairman Crabtree** asked if this is a one-time expenditure. **Representative Palmer** answered that it is not a one-time expenditure. Once it is built into the budget it is ongoing.

Senator Nelson said he was becoming uncomfortable with transferring money out of the General Fund for transportation when an increase to the fuel tax, a registration fee increase, or a mileage tax on heavy vehicles would come from highway users. He asked Representative Palmer his thoughts on using user fees to fund transportation. **Representative Palmer** said he believes this is a user fee. The sale of used cars alone generates over \$400 million collected in sales tax revenue, and this bill only takes out \$17.5 million. That doesn't include parts, accessories, or any other transportation related items where sales tax is charged. **Senator Nelson** said he thought it could possibly be considered an indirect user fee. A fuel tax directly accounts for usage of the roads.

Senator Winder commented that even though there are people who drive vehicles and pay for our roads, every citizen uses them. Examples he gave of non-vehicle users who do not pay direct user fees are: bicyclists and people who use ambulance services. He believes there is a nexus between General Funds and Idaho's roads, and this bill asks for a small amount of General Fund dollars.

TESTIMONY:

Jeremy Chou, representing the American Council of Engineering Companies (ACEC), supports **H 107**. He said that the 1 percent of the sales tax is new money because as the economy improves, sales tax revenues increase. If the other TECM legislation before the Legislature this session were to pass, the Idaho Transportation Board (ITB) would choose which projects to fund, and whether or not to do bonding. That bill talks about the availability of unencumbered funds. There is a \$15 million minimum in that bill and anything above that can be used as determined by ITB. The shortfall for transportation ranges from \$262 million to more than \$300 million per year. The funds **H 107** is requesting is a drop-in-the-bucket to that amount of need. Idaho is number one for growth in the country at 2.5 percent. As technology evolves, we can expect changes in the number of electric autos using the roads, in delivery services surrounding consumer goods, and more bicycles and scooters using the roads. That means more congestion and more traffic-related usage issues. **Mr. Chou** concluded that he too believes there is a nexus between the sales tax and the use of the roads.

Dave Butzier, a transportation engineer at AECOM—Boise and representing ACEC of Idaho, said he supports the bill. **H 107** helps with needed transportation funding, but it is not the overall solution to Idaho's transportation funding shortfall.

SUBSTITUTE MOTION:

Senator Nelson moved to send **H 107** to the 14th Order of Business for possible amendment. **Senator Burtenshaw** seconded the motion.

DISCUSSION:

Senator Rice said he opposes the substitute motion without knowing what amendments are intended. This is ITD's portion of the sales tax that **H 107** wants to put on the state's roads. It's not the local jurisdiction's portion which receives other funding. This is an important thing to do as Idaho is significantly behind on funding our roads. The roads are important to Idaho's economic growth. The additional sales tax percentage comes out of Idaho's additional growth. It is time to take a serious look at how far behind Idaho is when it comes to funding roads. Plus, this source will get additional federal tax dollars as demonstrated with the INFRA grant program.

Senator Winder said he appreciates the concern for JFAC and the money, but this is a policy issue. He supports the original motion. He does not think it does any good to send it to the 14th Order of Business without knowing what the goal is. He has always been against sending legislation to the 14th Order just to kill a bill.

Senator Nelson said he called for the substitute motion in order to amend the legislation so that there will be a 60/40 split of the funds between ITD, for state projects, and local jurisdictions, for local projects. That would allow local jurisdictions to use their funds as matching funds to build local projects.

Vice Chairman Crabtree commented that there needs to be a broader strategic view of transportation funding, because these battles over limited dollars really don't meet the needs of the transportation shortfall. He represents the largest Legislative District and county in the state, where funds are difficult to find for roads; for that reason he will be supporting the substitute motion.

**VOTE ON
SUBSTITUTE
MOTION:**

Chairman Brackett called for a roll call vote on the substitute motion to send **H 107** to the 14th Order of Business for possible amendment. **Chairman Brackett, Vice Chairman Crabtree, Senators Burtenshaw, Buckner-Webb, and Nelson** voted aye. **Senators Winder, Den Hartog, and Rice** voted nay. The motion passed.

**PASSED THE
GAVEL:**

Chairman Brackett passed the gavel to Vice Chairman Crabtree.

PRESENTATION:

Vice Chairman Crabtree invited John Foster of Kestrel West to begin his presentation on *Connected Transportation*.

Mr. Foster said that we all care about lowering our overall transportation costs, and the discussion today is relative to future discussions in this Committee and with JFAC. Connected transportation is an interesting topic that is also important to some of his clients: IBM, Cisco, and T-Mobile. IBM cares about analytics, Cisco cares about networks, and T-Mobile cares about building out connectivity. He began by showing a short video that detailed and explained the subject of his presentation.

He reviewed the incremental changes in transportation over the years, such as the horse and buggy being replaced by the car, the interstate highway system was started in 1956, and Google's self-driving car in 2009. When disruptive technology comes along, changes happen quickly. He demonstrated that statement by showing a photo of New York City's 5th Avenue on Easter morning in 1900 with one car among multiple horse and buggies on the road. Just thirteen years later on 5th Avenue on Easter 1913, there were multiple cars and only one horse and buggy. Transportation is in that same transformation now.

Traditional transportation trends are getting people to and from places efficiently and can be enumerated as: 1.) mobility, with a focus on the physical connections between modes; 2.) single-occupant cars and households with more than one vehicle; 3.) mitigating congestion and problems with too many vehicles; 4.) traffic volume sensors to track how many vehicles are on the road; and 5.) resurfacing pavement to make sure roads can handle the volume. Then there are digital transportation trends: 1.) access, with a focus on opportunities to interact with data; 2.) shared mobility via Transportation Network Companies; 3.) a vehicle as a sensor, serving as a part of the system rather than just as a user; 4.) laying fiber as part of all construction projects, such as "Dig Once" laws; 5.) "Internet of Things," meaning placing more demand on the system; and 6.) Edge and Fog Computing making it easier to process data.

Today's disruptions are digital, and agencies will need to adapt. Uber, Lyft, Bird, and other companies are changing the way we think about transportation. Major car manufacturers are completely rethinking their definition of an automobile because transportation solutions no longer require people to operate vehicles. It is all about networks. **Mr. Foster** went through a flow chart showing how sensors, signs, and systems between roadways and vehicles are becoming part of the interactive design of moving transportation. As an example, he described the steps of an "intelligent intersection" as: 1.) the vehicle as a sensor; 2.) traffic signal prioritization and preemption; 3.) pedestrian tracking, preemption, and safety; 4.) incident response optimization; and 5.) secured connections for traffic signal communications and programming. A "connected corridor" would include the following technology: 1.) the vehicle as a sensor; 2.) automation of road weather; 3.) info dynamic message sign automation; 4.) fiber-optic acoustics for real-time traffic monitoring; 5.) ramp monitoring and metering; and 6.) incident response optimization. Technology will unlock data to improve safety and planning by: 1.) developing actionable insights from data; 2.) connecting vehicles to data; and 3.) the connectivity will reduce response time and/or respond in real-time. He concluded by challenging the Committee to consider these new opportunities in terms of spending and policy when building out Idaho's transportation system so the public can access these ideas.

DISCUSSION:

Senator Burtenshaw asked what the devices planted in our roads would look like. **Mr. Foster** said technology has evolved so much; he used the example of the cell phone that has more power and processes more data than the computer of just a few years ago. Road sensors can easily be embedded in reflectors on the white lane lines of roads. The sensors can be for weather, for monitoring traffic flows, or other technological things; the sensors can be connected to a network built by ITD for a small geographical area or a cellular network that is broader. All three wireless providers are rolling out connectivity that will serve rural communities much better.

Vice Chairman Crabtree commented that his son lives in Seattle and owns a Tesla. Much of what Mr. Foster talked about is already happening in bigger communities. He asked if the technological changes would affect rural communities, too. **Mr. Foster** said that Idaho is a little behind technologically because we don't have a lot of infrastructure, but he sees that as an opportunity. Many communities have spent substantial amounts of money on technology that quickly became out of date. Idaho can build-out a much more modern design. There is something called Edge Computing. In an old system, data would be collected that would go back through a network to a centralized system where it would be processed and utilized for something else. Technology has increased so much that it doesn't always have to go to a central system. Teslas can talk to each other and they share data directly, so a centralized network is not needed. In Idaho, there is great potential for new technological opportunities.

RECOGNITION:

Vice Chairman Crabtree announced that Senator Buckner-Webb had been recognized as *Woman of the Year* by the Idaho Business Review and had received the award at an event the previous evening.

ADJOURNED:

With no further business before the Committee, **Vice Chairman Crabtree** adjourned the meeting at 2:32 p.m.

Senator Brackett
Chair

Gaye Bennett
Secretary