



IDAHO HOUSE BILL 312 (2015)

Title of Bill: HB 312

Purpose: Increase the state gas tax by 7 cents-per-gallon, raise vehicle registration fees, and institute a fee on electric and hybrid cars in order to generate new funding for the state's roads and bridges.

Status of Amendment: Signed into law April 21, 2015.

House Bill 312 (2015) Signed into law: April 21		
	House	Senate
FOR	51	26
AGAINST	19	9

History

State Gas Tax

Idaho's transportation fund is financed from four sources: the federal fuel tax, state fuel taxes, passenger vehicle registration fees, and truck registration fees. The state fuel tax of 25 cents-per-gallon was set in 1996.

The Highway Distribution Account allocated transportation revenue between three accounts:

- 5 percent to the Idaho State Police;
- 38 percent to local transportation jurisdictions; and
- 57 percent to the Idaho Transportation Department (ITD).

Need

Idaho has 49,000 miles of paved roads and 4,137 bridges, as well as 28 public transportation providers.

As of 2010, only 82 percent of state highway pavement was rated in "good" or "fair" condition. In order to keep up with current maintenance needs, 500 lanes miles (292 state, 217 local) of preservation restoration needed to be done per year in addition to planned work.

Of the state's bridges, 35 percent were built in the 1950s or 1960s. 370 bridges were built prior to World War II, and half of the state bridges would be 50 years or older by 2020. In addition to the current programmed work, 250,000 square feet of bridge deck preservation and maintenance was needed to be done per year to keep the state's bridges from aging beyond their design life.

While facing an aging infrastructure, the cost of construction materials continued to increase dramatically. Between 1999 and 2010, the cost of oil for asphalt rose 269 percent, plant mix for paving rose 80 percent, aggregate for base rose 152 percent, base rock rose 185 percent, and bridge deck concrete rose 153 percent.

Idaho's freight system is critical to the state economy. 150 million tons of products are moved on Idaho's roads every year, with state manufacturers shipping \$15 billion worth of products. While Idaho was the fifth fastest-growing state in terms of population in 2009, revenue in the Highway Distribution Account decreased by 0.4 percent. In order to increase capacity to accommodate the pressure, the state had added 4,000 lane miles between 1995 and 2011; however, transportation funding was not increased in order to keep up with the new maintenance demands during this time.

A task force, commissioned by executive order in 2009, released a final report in 2011 identifying a \$543 million annual state and local transportation funding shortfall. Of that amount, \$262 million per year was required to just to operate, preserve, and restore the state and local system. An additional \$281 million per year was necessary for capacity and safety improvements.ⁱⁱⁱ

At the end of 2014, several Idaho legislators voiced their opinion that transportation funding will be a critical topic in 2015, with several options under consideration.ⁱ

Summary of Legislation

Shortly after the start of the 2015 legislative session, the House passed legislation with a vote of 43-26-1 on March 30 to increase vehicle registration fees by \$15, with new fees on hybrids and electric vehicles, to raise \$20 million per year for transportation funding. The Senate subsequently amended HB 312 to increase vehicle registration fees \$10 more than the House's version, decrease the fees on hybrids and electric vehicles, and impose a 10 cents-per-gallon state motor fuel tax increase. The Senate approved the \$127 million per year plan 22-13 on April 7. After the House refused to concur the Senate's amendments, a conference committee was called to reach a deal between the two versions.

The compromise reached by a conference committee was approved by the Senate with a vote of 26-9 just before midnight on March 10, and subsequently approved 51-19 by the House.

Idaho Governor Butch Otter (R) signed HB 312 into law on April 21 to increase the state gas tax by 7 cents-per-gallon (taking effect July 1); raise vehicle registration fees to \$21 for cars, \$10 for motorcycles and \$25 for commercial/farm vehicles; and institute a fee on electric (\$140) and hybrid cars (\$75) in order to generate new funding for the state's roads and bridges. Additionally, a 'surplus eliminator'

included in House Bill 312a would apportion half of any General Fund surplus for transportation in the next two fiscal years.

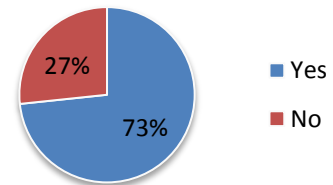
HB 312 is anticipated to raise almost \$95 million per yearⁱⁱ— much less than the \$262 million annual shortfall needed in order for the state to “operate, preserve and restore” the state and local transportation system.ⁱⁱⁱ

In a transmittal letter sent to House Speaker Scott Bedke, Otter stated, “It [House Bill 312] represents compromise, concession and a realization that—in the face of apparent intransigence—something indeed is better than nothing. In fact, H 312 is a respectable start on a multi-year effort to provide for the long-term needs of our transportation infrastructure, including hundreds of bridges throughout Idaho that every day are reaching the end of their safe lifespans.”^{iv}

Overall Votes

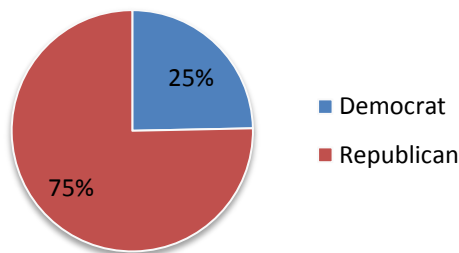
Legislative Makeup

At the time of HB 312’s passage, Idaho’s governor Butch Otter was Republican, and the legislature was majority Republican. 74 percent of legislators voted to approve HB 312, while 26 percent opposed it.

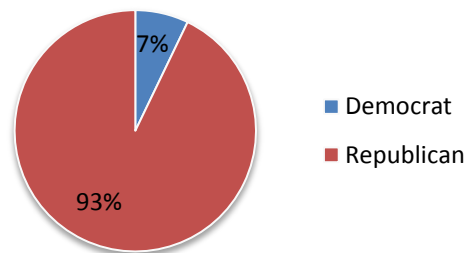


- There were 21 Democrats in the Idaho legislature, with 19 voting in favor of HB 312 and 2 opposed.
- There were 82 Republicans in the Idaho legislature, with 58 voting in favor of HB 312 and 26 opposed.

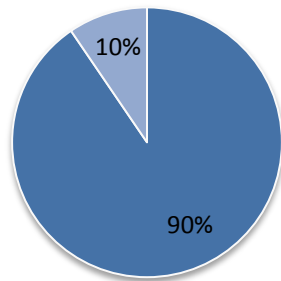
Legislators Voting for HB 312



Legislators Voting Against HB 312

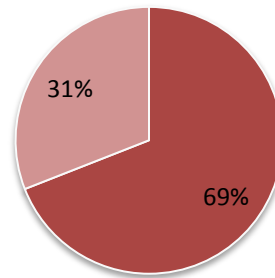


Democrats



■ Yes
■ No

Republicans



■ Yes
■ No

Supporters

Arguments:

- Increasing funds in order to maintain the state’s current transportation infrastructure will prevent much pricier projects that would result from deferred maintenance.
- Deficient bridges and deteriorating roads are a safety concern and disrupt freight and commerce within the state.
- Increased gas tax could create jobs.^v

Key Players:

Bill Sponsor

House Ways and Means Committee:

- Christy Perry (R)
- Mike Moyle (R)
- Brent J. Crane (R)
- John Vander Woude (R)
- John Rusche (D)
- Mat Erpelding (D)
- Donna Pence (D)

Governor Butch Otter (R)

In the governor’s 2015 state-of-the-state address, he stated: ““...We know that, after education, investing in infrastructure is among the smartest, most cost effective—and frankly essential—uses of taxpayer dollars to promote the public’s general welfare and sustain economic growth.”^{vi}

Better Idaho

“Idaho’s roads are in disrepair to the tune of \$262 million. According to Gov. Otter, Idaho has 785 bridges that are structurally deficient – the same bridges your family drives across every day. Those costs don’t go away just because we don’t pay them. In fact, they get more expensive.

If the state was run like a business, it would address its transportation shortfalls as wisely as possible by taking advantage of favorable market conditions.

... Right now raw materials are less expensive, construction is less expensive, and the overall impact of a gas tax increase on the average Idahoan’s wallet would be less burdensome.

The option is waiting until oil prices are higher, construction costs are higher, the shortfall is higher and the burden on taxpayers is higher.”^{vii}

Idaho Trucking Association

“First, most people are not concerned with a small increase, especially when there are specific problems the increase will be used to address.

Second, almost all the feedback has been that this is a long-term problem that requires a long-term solution best taken in smaller bites.

Finally, most people recognize that this is a problem we all face: All of Idaho rises and falls with the tide of economic prosperity, of which an efficient transportation system is part.”^{viii}

Idaho Transportation Coalition

“Our effort over the summer and fall is going to be, how do we get the information out to people, and how do they understand the link between transportation and the economy?”

–Wayne Hammon^{ix}

- Marketing Fact Sheets:

- [Hey, what about me?](#)
- [Put Idaho on the Right Road](#)
- [Let’s Move Idaho](#)
- [Regular Maintenance is Critical](#)

Better Roads, Fair Funding

A campaign launched by AAA in 2013 to advocate for increased user fees to support the state’s roads and bridges.

Polling:

A 2014 University of Idaho McClure Center for Public Policy Research poll^x found that 53 percent of Idaho voters believed that finding a solution to the state's transportation funding crisis should be one of the top three priorities for the 2015 legislative session. Of those respondents, 71 percent believed the state's infrastructure was "very important" to its economy. Most favored increasing taxes on commercial drivers and the sales tax on auto parts and tires, while 7 percent "strongly supported" increased motor fuel taxes and 10 percent "strongly supported" vehicle registration fees.

Opponents

Arguments:

- State's general fund should assist with transportation funding.
- The approved plan does not fully meet the state's transportation funding needs.
- The state should be administering tax breaks, not increasing taxes.

Key Players:

Americans for Tax Reform

"Instead of focusing on ways to extract more revenue from taxpayers, commuters and small businesses in Idaho, the legislature should fund transportation with currently collected revenue, regardless of which fund it comes from. There isn't a rule against using general fund money for transportation; it's illogical to pretend that there is. General fund revenue should be spent on the legislature's greatest priorities, which should include maintaining state roads and bridges.

The Idaho House should reject this tax hike and demand tax relief instead."^{xi}

Idaho Freedom Foundation

"Now that Idaho's fuel tax increase can be considered alongside the actions of legislators and governors in other states, it's even easier to see that Idaho's tax increase is disproportionate and damaging. Worse, I reiterate, it is a function of particularly poor planning on the part of state officials. This was a crisis years in the making that virtually anyone at the Statehouse could have, should have and likely did see coming.

...And while lawmakers and the governor had multiple occasions over multiple years to set aside money for transportation, they avoided doing so. They outright ignored the problem, leading to where we are today. Had the state government set aside just 1 percent of the state general fund for the last four years, we would have invested more money into Idaho's roads and bridges than will be raised by the fuel tax increase. But we didn't.

Idaho now has the distinction of imposing the largest per-gallon increase in fuel taxes in the country. That's a distinction state officials should be embarrassed to have."^{xii}

Sen. Steve Vick (R-Dalton Gardens)

"This is a very large tax increase...In my opinion, to come in, in the best revenue year since I've been here, to take all of that money and allocate it and raise taxes on top of that, I don't think is frugal or conservative."^{xiii}

Why did it succeed?

Governor as a Champion

Governor Butch Otto (R) was a vocal supporter of a transportation funding increase at the start of the 2015 legislative session, emphasizing the state infrastructure crisis, the prudence of approving funding now as a way to avoid larger problems down the road, and the need for a sustainable, long-term investment in the state's roads and bridges.

Bipartisan Support and Compromise

HB 312 was passed with support from a Republican governor, 69 percent of Republicans and 90 percent of Democrats. Having all parties engaged in finding a transportation funding solution enabled the legislature to reach a compromise between differing plans, including fees for electric and hybrid cars as well as the cents-per-gallon motor fuel increase.

National Momentum

By approving this bill, Idaho became the fourth state—joining Iowa, South Dakota and Utah—in 2015 to sign a gas tax increase into law in order to fund the state's transportation needs. In addition, Georgia's legislature had also approved a state motor fuel tax increase, which was awaiting approval from Governor Nathan Deal (R) at the time Idaho passed HB 312. Within the next few months, additional gas tax increases were passed in Nebraska and Washington.

In the two years prior to 2015, eight other states increased taxes on motor fuel in order to generate needed transportation revenue.

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About the Transportation Investment Advocacy Center

The Transportation Investment Advocacy Center™ (TIAC) is a first-of-its kind, dynamic education program and internet-based information resource designed to help private citizens, legislators, organizations and businesses successfully grow transportation investment at the state and local levels through the legislative and ballot initiative processes.

The TIAC website, www.transportationinvestment.org, was created so transportation investment advocates do not have to “re-invent the wheel” to mount successful campaigns. It exists to put in one place—and promote the sharing of—strategies... sample political and communications tools... legislative and ballot initiative language... and information on where to obtain professional campaign advice, research and help. To subscribe to at no cost—and receive via email—the regularly updated TIAC blog, visit the website.

In addition to the website, the TIAC program includes an annual workshop in Washington, D.C., and ongoing webinars for transportation investment advocates featuring case studies, best practices, and the latest in political and media strategies. State and local chamber of commerce executives, state legislators, state and local transportation officials, “Better Roads & Transportation” group members, industry and labor executives, and leaders of state and local chapters of national organizations who have an interest in transportation development programs are welcomed to participate.

The TIAC is a project of the American Road and Transportation Builders Association’s “Transportation Makes America Work!”™ (TMAW) program (www.tmaw.org) and funded through voluntary contributions and sponsorships. To become a sponsor or to make a contribution, visit the ARTBA store or contact TIAC Manager Carolyn Kramer at ckramer@artba.org or 202-289-4434. Also contact Ms. Kramer if you have questions or comments about any reports or case studies published through the TIAC.

Appendix

I. Breakdown of votes for Idaho House Bill 312 (2015)

SENATE

Senators who voted in favor of HB 312:

Steve Bair (Republican - District 31)
Bert Brackett (Republican - District 23)
Cherie Buckner-Webb (Democrat - District 19)
Dean Cameron (Republican - District 27)
Bart Davis (Republican - District 33)
Lori Den Hartog (Republican - District 22)
Jim Guthrie (Republican - District 28)
Lee Heider (Republican - District 24)
Brent Hill (Republican - District 34)
Dan G. Johnson (Republican - District 6)
Maryanne Jordan (Democrat - District 17)
Shawn Keough (Republican - District 1)
Roy Lacey (Democrat - District 29)

Todd Lakey (Republican - District 12)
Abby Lee (Republican - District 9)
Patti anne Lodge (Republican - District 11)
Curt McKenzie (Republican - District 13)
Dean Mortimer (Republican - District 30)
Jim Patrick (Republican - District 25)
Jim Rice (Republican - District 10)
Dan Schmidt (Democrat - District 5)
Jeff Siddoway (Republican - District 35)
Michelle Stennett (Democrat - District 26)
John Tippets (Republican - District 32)
Janie Ward-Engelking (Democrat - District 18)
Chuck Winder (Republican - District 20)

Senators who voted against HB 312:

Clifford Bayer (Republican - District 21)
Grant Burgoyne (Democrat - District 16)
Marv Hagedorn (Republican - District 14)
Fred S. Martin (Republican - District 15)
Bob Nonini (Republican - District 3)

Sheryl Nuxoll (Cottonwood - District 7)
Mary Souza (Republican - District 4)
Steven P. Thayn (Republican - District 8)
Steve Vick (Republican - District 2)

House

Representatives who voted in favor of HB 312:

Neil Anderson (Republican - District 31)
Robert Anderst (Republican - District 12)
Ken Andrus (Republican - District 28)
Linden B. Bateman (Republican - District 33)
Maxine Bell (Republican - District 25)
Merrill Beyeler (Republican - District 8)
Van Burtenshaw (Republican - District 35)
Greg Chaney (Republican - District 10)
Sue Chew (Democrat - District 17)
Lance Clow (Republican - District 24)
Gary E. Collins (Republican - District 13)
Reed DeMordaunt (Republican - District 14)
Mat Erpelding (Democrat - District 19)
Terry Gestrin (Republican - District 8)

Marc Gibbs (Republican - District 32)
Stephen Hartgen (Republican - District 24)
Brandon A. Hixon (Republican - District 10)
Wendy Horman (Republican - District 30)
Paulette Jordan (Democrat - District 5)
Clark Kauffman (Republican - District 25)
Ryan Kerby (Republican - District 9)
Phylis K. King (Democrat - District 18)
Hy Kloc (Democrat - District 16)
Luke Malek (Republican - District 4)
John McCrostie (Democrat - District 16)
Steven Miller (Republican - District 26)
Jason Monks (Republican - District 22)
Mike Moyle (Republican - District 14)

Mark Nye (Democrat - District 29)
Kelley Packer (Republican - District 28)
Joe Palmer (Republican - District 20)
Donna Pence (Democrat - District 26)
Christy Perry (Republican - District 11)
Dell Raybould (Republican - District 34)
Eric Redman (Republican - District 2)
Paul Romrell (Republican - District 35)
Ilana Rubel (Democrat - District 18)
Dan Rudolph (Democrat - District 6)
John Rusche (Democrat - District 6)
Paul E. Shepherd (Republican - District 7)

Elaine Smith (Democrat - District 29)
Jeff Thompson (Republican - District 30)
Caroline Troy (Republican - District 5)
Janet Trujillo (Republican - District 33)
Julie VanOrden (Republican - District 31)
John Vander Woude (Republican - District 22)
Richard Wills (Republican - District 23)
Melissa Wintrow (Democrat - District 19)
Fred Wood (Republican - District 27)
Rick D. Youngblood (Republican - District 12)
Scott Bedke (Republican - District 27)

Representatives who voted against HB 312:

Vito Barbieri (Republican - District 2)
Gayle Batt (Republican - District 11)
Judy Boyle (Republican - District 9)
Don Cheatham (Republican - District 3)
Brent J. Crane (Republican - District 13)
Thomas Dayley (Republican - District 21)
Sage Dixon (Republican - District 1)
John Gannon (Democrat - District 17)
Steven Harris (Republican - District 21)
James Holtzclaw (Republican - District 20)

Thomas Loertscher (Republican - District 32)
Lynn M. Luker (Republican - District 15)
Patrick McDonald (Republican - District 15)
Shannon McMillan (Republican - District 7)
Ron Mendive (Republican - District 3)
Ronald Nate (Republican - District 34)
Pete Nielsen (Republican - District 23)
Heather Scott (Republican - District 1)
Kathleen Sims (Republican - District 4)

ⁱ http://www.idahostatejournal.com/news/local/education-roads-will-dominate-legislative-session/article_f6b2b3c2-93f7-11e4-ba10-836f9afbc66f.html

ⁱⁱ <http://www.legislature.idaho.gov/legislation/2015/H0312SOP.pdf>

ⁱⁱⁱ https://itd.idaho.gov/taskforce/Task_Force_Final_Report_Low_Res.pdf

^{iv} <http://gov.idaho.gov/mediacenter/Bills/H%20312a.pdf>

^v <http://www.localnews8.com/news/itd-increasing-gas-tax-could-create-jobs/31392614>

^{vi} http://www.gov.idaho.gov/mediacenter/speeches/sp_2015/SOS%20FY%202016.pdf

^{vii} <http://www.betteridaho.org/2015/01/case-raising-gas-tax/>

^{viii} http://www.idahopress.com/members/transportation-is-it-time-to-raise-gas-tax-cents/article_cd2bebfa-99ce-11e3-8e92-001a4bcf887a.html

^{ix} <http://www.compassidaho.org/documents/comm/articles/2014/TransportationCoalition.pdf>

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<http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0CB4QFjAA&url=http%3A%2F%2Fwww.uidaho.edu%2F~%2Fmedia%2FFiles%2FForgs%2FCLASS%2FMcClure-Center%2FIdaho-at-a-Glance%2FIDG-Highways-Final&ei=OtChVZn1Mo2zyATt-pyYAAQ&usg=AFQjCNFViizMsLth2q64skVye8qg7-mNSg&sig2=BYUny52pyNXI8ehHYEA4vw&bvm=bv.97653015,d.aWw>

^{xi} <https://www.atr.org/atr-opposes-transportation-tax-hikes-idaho>

^{xii} <http://idahofreedom.org/idaho-is-a-leader-in-raising-taxes-and-hurting-families/>

^{xiii} <http://www.spokesman.com/stories/2015/apr/07/idaho-senate-turns-20m-road-bill-127m-phased-plan/>