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HB 1308

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1308

House Transportation Committee

Conference Committee

Hearing Date February 1, 2001

Tape Number	Side A	Side B	Meter #
1		X	2
Committee Clerk Signature <i>Laura B. Fiske</i>			

Minutes: Rep. Weisz - Chairman opened the hearing on HB 1308; A BILL for an Act to amend and reenact subsection 3 of section 39-12-02 of the North Dakota Century Code, relating the fees for special vehicle permits.

Rep. Eckstrom: For the record, I represent District 7 in south Fargo. Attached is a copy of her written prepared testimony.

Rep. Weisz - Chairman How will the DOT determine the issuance of permits for the correct use -- for example, for a wind tower versus a radio tower?

Rep. Eckstrom: I did talk to the Dot about this and they said they would have to have special form to certify that wind energy towers were being moved.

Rep. Gulleason: I represent District 26. This bill fits in nicely with a package of incentive bills to encourage and support the growing interest in the development of wind energy in North Dakota. I have attended a number of community meetings in our area. There is a real interest in LaMoure county, in the Kulm - Edgely area and in Dickey county. There is a real interest in these rural

areas and communities for economic development to stem outward migration. This an opportunity to revitalize these communities using the resources that is -- after yesterday you know we have an ample amount of -- through the backbone of tax incentives, and through the reduce cost of transport. We can get the necessary lift to get that it may take to get the industry up and going in North Dakota. I would appreciate your full support for this bill.

Rep. Hawken: (390) The fiscal note -- if we haven't had it and we remove it - how can it be a loss?

Rep. Gulleason: That was my question as well. Maybe they project out and anticipate certain amounts - - I am not sure how they come to that. Right now we don't have towers being moved into the Edgely, Klux or lamer areas.

Rep. Hawken: (448) When I talked to the DOT we had them get in touch with the tower manufacturers as well as with the blade manufacturer -- they are projecting estimates far in excess of where it is currently going. The first project out there is there maybe as many as 75 towers up there. The Edgely development that has been discussed may have as many as 20 in the initial phases. Again if you have that kind of growth over the next year to eighteen months -- it certainly would cause a fiscal impact.

Rep. Gulleason: I see this as more of a gain but I don't see how it can be a loss either.

Rep. Price: (513) The fiscal note addresses two fees -- the ton mile and the trip permit. You are asking for the reduction on the trip fee, right? Not the ton mile?

Rep. Gulleason: I am not sure what they are addressing on the fiscal note -- I don't think they were willing to address the ton mile. I am not concerned about the ton mile -- I am more concerned

about the permit -- I am for encouraging development. It is a very minor fee we are talking about here. In the first phase there will be very few towers going in place in the next couple of years.

Rep. Carlson: (602) There going to move some fairly heavy equipment down these roads and in some cases there could be some significant road damage from these large pre-welded towers being moved into place. It just seems that we pass out all these exemptions on the development side and we forget about all the road damage on the other side of this issue. Over the years we have heard about all the damage the oil equipment did to western roads. I wonder if we are not looking at something that could happen here in an area where they are allowing in many towers. I am not sure we are helping the situation by lowering the fee.

Rep. Gulleason: I agree and I have serve on several subdivision and I understand your concerns. My feeling is that is a very infant stage of wind development in the state. Now certainly if the wisdom if this committee you want come back and look at this again -- I would be willing to see a sunset clause on this particular bill. However what we are trying to do at the moment with this legislation and with the other legislation -- the development is currently developing in Minnesota and Iowa and certainly South Dakota is being heavily considered. What we are trying to do as a group is to make sure that the wind energy development will come to North Dakota to bring jobs here -- to give economic boosts to these communities. We will see some increases in rural taxes -- bases and the property tax -- certainly we will want a reduction in those; however, it will be -- have of something rather than half of nothing.

Rep. Welsz - Chairman (786) Are you aware -- are our permit fees higher than South Dakota-
Minnesota the surrounding states?

Rep. Gulleason: I would have to refer that question to the DOT -- I don't know the answer to that.

My sense was when I was talking to them was that we are more less par with them. How ever again what we are trying to do here is to incentivize this industry.

Darrell Schultz: I am the Director of Motor Carrier Operations for the State Patrol. My purpose here today is to hopefully answer some questions about the fiscal note. The fiscal note was prepared in our permit section. Unfortunately, she is sick to today and unable to come in -- but again some of the questions which came up is as you can realize it is difficult to come up with something for something may never happen. So the procedure she use was to contact the companies who will be moving this equipment asking for estimates of how many movements it would involve, when it would be involved and when it would take place. They would even know because they would know when they started. So what they did was to come up with a very rough estimate of how many loads would move, when they would move, and on that basis tried to come up with that figure -- the difference being -- the loss or gain -- again, if never moved there is no loss --- if it would come into the state it would the difference of charging them the full permit fee versus half the permit fees on the information we were given by TMI and the other companies would equate to \$175,000. If, it were to happen. We also did factor in, the ton mile fee -- the way we read it, it would be half of all fees normally charged on over-dimensional.

Rep. Carlson: (1003) I am sure that we are understanding the two different fees and how they are broken out here in this bill -- maybe you can clarify this --

Darrell Schultz: What happens normally is we charge a set fee for movements of over-dimensional vehicles. We get \$20 or \$25 but when load restrictions go on the heavier loads

we charge a permit for heavier loads and there is an extra 5 cents per ton mile over the top for those loads depending on the weight of the vehicle. If it gets over 150,000 pounds there are two fee schedules -- one is a set permit fee that any one can travel under and if you have excessive weight and another fee is added to that -- that is called the ton mile fee. I think most of these fees occurred probably when she computed it, thinking some of this equipment would probably be moved maybe during load restrictions.

Rep. Carlson: (1071) Where does it say in this bill that there is only one fee or the other that is being charged?

Darrell Schultz: When I read it says notwithstanding the minimum fee schedule the fee charged for moving over sized and over weight vehicle must be one half that charged for other vehicles of a similar nature -- so I guess the assumption that if another vehicle of a similar nature was moving at that time -- with that weight, it be a \$20 permit and calculate the ton mile fee and charge half that.

Rep. Carlson: (1109) So you are assuming that the bill means both?

Darrell Schultz: That is correct. That is the way the fiscal note went together.

Rep. Carlson: (1118) When you have weight restrictions on - I am in the building business -- there are times when we cannot get products -- in the rural areas because of the road restrictions -- is this is saying they can haul down these roads when the load restrictions are on and just pay the fine?

Darrel Schultz: On certain restrictions, you can but such as the oil industry out in the West? You work over rigs -- that work the rigs -- they have move and when they do they pay the ton mile fee in addition the regular fee.

Rep. Carlson: (1164) So you are saying -- yes they can? They could move during the load restriction times with these heavy vehicles?

Darrell Schultz: If it is a non divisible load, that is correct.

Rep. Kelsch: (1180) So we could make it very specific in here that this would only apply to the moving charge? The moving part and not to the over weight charge?

Darrell Schulz: That is correct. Obviously the bill could be worded in such a way as to be specific.

Rep. Hawken: (1233) Why do we have load restrictions if we let people drive during them?

Darrell Schultz: Again, I wish the Permit Section was here to answer that -- I imagine that there are certain things that have to be done -- that years ago when they decide to set this thing up they decide there were certain things that had to be done -- such as the work-over rigs in the oil industry, certain things had to get done -- and they are not a divisible load -- that is they can't break it down -- so I imagine they estimate the load ---

Rep. Hawked: (1284) How much is that?

Darnel Schmaltz: Currently that is at 5 cents per ton per mile.

Rep. Waist - Chairman (1292) There are some classifications of the load restrictions and there are exceptions there always are -- so you have to have it -- so it is easy to pay \$500 or \$1000 and the permit fees depending on the weight of the vehicle.

Rep. Maloney: (1320) To clarify what Rep. Carson was talking about -- I don't think this allows wind generating equipment hauled at times when other over weight trucks can be charged or can't haul. Does it? As I read this it reads 'half the fee' -- it doesn't say anything about load restrictions.

Darrell Schultz: I think that is correct. And when she estimated this, I think she said that if a vehicle would be allowed to pay the ton mile fee it would be half the fee. Now that I think of it she did say there was this type of equipment originating in other states and moving through North Dakota. Not necessarily for use in this state. This would also apply to them the way it is written.

Rep. Kelsh: I represent District 11 south central Fargo. I want to go on record as in support of HB 1308. This will give fledgling wind industry another tool to compete with surrounding states. The intent of this legislation is a one time lower of fees during the construction phase.

Rep. Weisz - Chairman (1524) Are you aware of any other states that offer any incentives as lowering over weight fees -- South Dakota, Minnesota -- other states?

Rep. Kelsh: No I am not.

Rep. Pollert - Vice Chairman: (1546) Have you talked with county, township or local officials about these lower weight fees?

Rep. Kelsh: No

Rep. Eckstrom: In my discussions with the counties they are interested in wind development. It is really growing in North Dakota. They are in support of all the other initiatives. The tax breaks which are set forth. They understand that these are oversized. In terms of weight restrictions, we don't anticipate that we would be trying to move these things in times of the restrictions.

It certainly doesn't make a lot of sense either that no matter how far we reduce transport costs -- it wouldn't make economic sense to the developer. When I spoke to the Association of Counties, they are all very eager to pass these --- that the development is coming.

IN OPPOSITION:

leery Ernst: I represent the North Dakota Association of Motor Carriers. I am here for a sympathy vote. We are an industry that transports over 81% of freight and goods in the state. We are a large economic factor. We have always supported taking care of our roads and infrastructure. We think it is unfair to give these weight exemptions to some and not all of the industry. Even the oil industry pays the full amount and 1 of our carriers purchases more than 5000 permits per year but don't get breaks like this. So on principal I oppose this on the basis of fairness and in support of protecting our investment in our highway system.

Rep. Thorpe: (2515) It seems to me that these things are going to be transported by one of the companies you represent.

LeRoy Ernst: I really have no idea of that --- that may be the case or maybe there will be out of state carriers. The fact remains that we are giving preferential treatment to one segment of the industry or that particular carrier regardless of whether that carrier is member of our association. Whether he is a member of our association or not that carrier is getting a break and it is still a matter of fairness.

Brian Smith: We make steel tubular towers for the wind industry in West Fargo, North Dakota. In 1999 - 98% of our business was from the sugar industry, now it is 98% from the wind industry. We feel that this bill would benefit the wind industry by reducing the fees for the over dimensional load. One wind tower is approximately 7 loads - three loads for the tower, 1 for the nacelle generator, and usually one for the rotors themselves -- typically no over weight but over length and over width. The base sections are always heavy -- sometime we would have to have permit for them. We have shipped over a 100 towers so far -- which is over 300 loads just the towers themselves which we have shipped from West Fargo. So far they have all been out of

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state. We haven't had a tower go to a site in North Dakota. We will have 800 loads per year when we get started here in North Dakota.

Rep. Welsz - Chairman (2877) Can you tell me from these other states where you haul -- what are your permits -- what are your costs? How much are your permits costing?

Brian Smith: I believe the carriers are getting there single trip permits for \$20. We don't handle the shipping ourselves. Most of them are out of state truckers.

If there is no other opposition testimony, we will close the hearing for testimony on HB 1308.
(2977)

