

1999 SENATE TRANSPORTATION

SB 2428

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2428

Senate Transportation Committee

Conference Committee

Hearing Date February 4, 1999

Tape Number	Side A	Side B	Meter #
1		x	739-3164
3	x		360
February 11, 1999-Tape 2	x		2,310-3175
Committee Clerk Signature <i>Muriel D. Schaeffner</i>			

Minutes:

SENATOR B. STENEHJEM opened the hearing on SB 2428. Committee members present included: Sens. Bob Stenehjem, R. Schobinger, D. Mutch. D. Cook, D. O'Connell, V. Thompson, and D. Bercier.

SENATOR TERRY WANZEK, DISTRICT #29 testified in support of SB 2428. This bill was requested by a farmer from home. He would like to be able to use commercial licenses but cannot afford to pay for the whole year. Unfortunately, there are a few farmers that are trucking some of these loads now and we aren't getting any compensation from them with these licensing fees. I see this as possibly a win-win situation. For those who are not paying for a commercial license now and are trucking, maybe it will be economical enough for them to want to comply with the law if we can prorate it and allow them to pay the prorated amount over the number of months they will actually be hauling commercially. It's no way my intent to hone in on the

truckers' business and if it causes competition problems I would probably pull back.

Unfortunately, I think it's happening anyway. Maybe this will be a way to help those people come forward and pay for the roads. It would allow someone who licenses their trucks as a farm truck during those months to pay the higher prorated costs for commercial license permits during those months that they would be doing commercial hauling. To some degree, that is possible right now if they buy the license when there is only three months left in the year.

SENATOR COOK Are commercial truck licenses sold on a calendar year only?

SENATOR WANZEK That is my understanding.

SENATOR SCHOBINGER Two years ago we exempted the commercial driver's license down to 18 or 16 years of age for farm trucks. Would those people fall under a commercial driver's license?

SENATOR WANZEK Maybe we didn't address that. I think that we would want to require those who do commercial hauling to have a CDL license. The committee can address that.

SENATOR B. STENEHJEM They are out there because we exempted some of the farmers.

SENATOR WANZEK They should only be doing that on their own farm site and local area not doing commercial over-the-road hauling.

KEITH KISER, DIRECTOR OF MOTOR VEHICLE DIVISION testified in a neutral position.

We can administratively do this without a significant impact to the way that we do business or cost to us. If you are a farmer and have a fully licensed farm truck you would have the option to go to our office and buy a temporary registration which is a window permit and we would charge you the commercial fee schedule based on where you fit for age and weight of vehicle for the

number of months you wish to buy a permit. We do that to some extent now; the problem is for farmers who want to do commercial hauling in two different calendar years.

SENATOR B. STENEHJEM If I'm a gravel hauler and I license my vehicle for only six months out of the year and I pay a proportion of that. Is that how it works?

KEITH KISER You are required to pay an annual registration fee for the time period January-December, but for those trucks that are seasonally used they are allowed to license those trucks at a minimum gross weight for the period of January through whenever they want to begin operating them at a higher rate, then they pay for the increased gross weight for the balance of the year.

SENATOR B. STENEHJEM So I start out with a minimum license in January, I bring my license weight up in May but then I can't bring it back down for the rest of the year.

KEITH KISER That is correct. You cannot bring it back down or get a refund for the balance of the year.

SENATOR B. STENEHJEM What happens for anyone else in the industry and what happens to the farmer, they would have their minimum farm license, then they would be able to bring it up to the commercial level and then when they are done bring it back down.

KEITH KISER The farmer first would have to pay to have current farm registration at whatever gross weight he needs but during the months he chooses to haul commercially he would pay the commercial fee for whatever gross weight he is at and then when that temporary permit for commercial transportation expires then his farm registration becomes effective again.

SENATOR B. STENEHJEM The farmers who register their trucks at the beginning of the year are they all due January through December?

KEITH KISER That is correct.

SENATOR B. STENEHJEM Does the farmer have a minimum weight that he can up later when harvest comes along?

KEITH KISER The minimum gross weight for any truck is double it's empty weight rounded to the next even ton. When he needs to increase that weight to 44,000 lbs when he's hauling product he then would pay that 44,000 lb fee for the balance of the remaining calendar year. If at some point he wants to haul at 44,000 lbs for commercial for two months he would have to pay an additional fee under this bill for the gross weight he'd want to haul at.

SENATOR B. STENEHJEM What is the farm rate?

KEITH KISER The farm rate is 1/3 of commercial weight.

SENATOR MUTCH Are there many farmers that are registering in the off season?

KEITH KISER In the fall of the year, we have farm register vehicles which convert for the balance of the calendar year for the commercial hauling during custom combining or some other type of hauling.

SENATOR COOK What is the definition of commercial hauling? Are most getting a commercial license?

KEITH KISER Most probably are not. The restrictions on farm registrations say that one can do work for a neighbor on a work exchange basis.

SENATOR BERCIER When a farm truck registers and they get the farm rate but hook their tractor up to a belly dump and start hauling gravel. Are they increasing up to the industrial rate?

KEITH KISER There are many instances when there are farm registered trucks that are being put to some non-farm purpose and those farmers are not upgrading the registration from farm registration to non-farm registration.

SENATOR B. STENEHJEM If we do this for farm vehicles, why don't we do this for commercial vehicles as well?

KEITH KISER This bill requires the farmer to buy a full year registration fee for a farm truck and then to add on top of that fee a commercial fee for which he intends to operate on that basis. It is in addition to the farm registration.

SENATOR B. STENEHJEM A commercial truck must license minimum truck weights for the year and wants to haul commercial but then later can't bring his weight back down.

KEITH KISER That is also true for farm trucks. The requirements are the same, the only difference is the fee.

SENATOR BERCIER You have a base plate that you license your truck for, the farmer has the option of cherry picking three months of the year for construction for commercial and then can use it the rest of the year for farming.

KEITH KISER That is correct other than he still has to pay the full farm fee for the rest of the year and can pick three months in which he has to pay the commercial registration for those months that he's doing that commercial work. It is in addition to the farm fees not in lieu of the farm fee.

SENATOR BERCIER The farm fee is paid for the full year not part of the year.

SENATOR B. STENEHJEM Do you use a 30 day period as a month or how do you define a month?

KEITH KISER It is a calendar month. If you come in on the 20th of December, we will charge you for the whole month of December.

SENATOR THOMPSON There are a number of farmers that license commercially right up front. With this bill, I would see a negative impact of revenue because those people would only have to register for a few months instead of a whole year.

KEITH KISER There is potential for some loss or some gain of revenue.

SENATOR BERCIER Could a gravel hauler apply for a farm registration and then ask for commercial during construction year? Is there some proof I'd have to show you that I'm a farmer?

KEITH KISER We want to issue distinctive plates for farm trucks to help law enforcement. We try to use the definition that one has to derive at least half of their income from farming. There is a restriction in the statutes that says a farm truck registrations can be used by the farmer to haul their own farm product.

LEROY ERNST, NORTH DAKOTA MOTOR CARRIERS ASSOCIATION We represent the commercial haulers. A commercial hauler is required to carry \$750,000 liability insurance, they may have increased that. If they are going to register that vehicle as a commercial vehicle for two months, will the state then require that carrier to obtain commercial liability insurance.

SENATOR MUTCH Wouldn't they lease onto whatever their hauling?

LEROY ERNST When a commercial carrier registers with the state, they have to show proof of insurance that they are carrying that amount of liability insurance. The agriculture carrier should also show the state that they are also carrying the \$750,000 liability coverage.

SENATOR THOMPSON I'm thinking of Johnson farms out of Grafton. Would this prompt them to license everything as a farm truck and then up the pieces of equipment they'll use for other things?

LEROY ERNST They haul their own product but I do believe they haul commercially as well. It is conceivable that they could do that.

SENATOR B. STENEHJEM Wouldn't that be picked up at the scale house?

SENATOR B. STENEHJEM Is there anymore testimony? We will close the hearing on SB 2428.

Tape #3, February 4, 1999

SENATOR SCHOBINGER If so much percentage of the farmer's income is exempt, if we allow this to retain a farm vehicle designation, would there be any question there?

SENATOR B. STENEHJEM The income could or could not be considered farm income so I don't think so.

SENATOR THOMPSON Is there a similar proposal that has been out there before?

SENATOR B. STENEHJEM I don't recall any.

SENATOR THOMPSON The other proposals were just farm trucks and scheduling fees. Some may try to monkey with the fee structure.

SENATOR B. STENEHJEM Instead of being a farm vehicle for x number of dollars, for the period they'll be using it they will be a commercial vehicle and be paying more at that time. They'll always be paying a farm price.

SENATOR MUTCH They should possibly require them to at least pay a quarterly prorated price. Can a farmer license them at the minimum weight until they raise them up on vehicles he doesn't use very much?

SENATOR COOK I would guess most of them don't pay the license fee. There probably are a few big operators that do.

SENATOR THOMPSON I didn't see where the actual plate changes.

SENATOR B. STENEHJEM They put a trip permit sticker on the window.

SENATOR THOMPSON The fee must be prorated on a monthly basis. I'd be interested in seeing it made a quarterly basis.

SENATOR B. STENEHJEM What if they are half way through the first quarter, he may end up with six months.

SENATOR BERCIER In fairness to the construction business, it would have to be done that way. I base plate my trucks until my construction year started and from that point on and through the end of the year I put on my full weight. I paid for the full year. With farmers, they may come in the middle of the construction year in July and flood the market with trucks and the construction guys will be looking for work. I'm caught in between. If it's done on a quarterly basis they should pay for the whole quarter.

SENATOR COOK This may affect more people than we think in a negative way. If those people knew this might affect them, they'd be at the podium testifying against it. I'm concerned about the valley and the sugar beets. There are a tremendous amount of farmers that haul sugar beets with a truck that is licensed as a farm truck. Should they have to get a commercial license for the two weeks they are hauling sugar beets.

SENATOR B. STENEHJEM Once they start hauling commercially they will have to have a CDL. That farmer is hauling on farm plates. This bill is hoping more people will come into compliance if they only have to commercially license their truck for one month at a time.

SENATOR SCHOBINGER I don't think they need a CDL to haul sugar beets.

SENATOR B. STENEHJEM Are we opening the door to the commercial industry and they'll come to us and say "why can't we do that"?

SENATOR THOMPSON That is my concern. Is the state going to lose revenue and insurance coverage? I would be more comfortable if it's on a quarterly basis. I don't think I can support the bill if it's stays the way it is.

SENATOR COOK It has to go to appropriations even if it increases revenues.

SENATOR B. STENEHJEM There is a feeling of that many farmers are hauling commercially but not legally. This wants to make it easier for them to haul legally.

SENATOR THOMPSON The fiscal note is as accurate as they can get it but we can't see the negative side and it might drain the funding that is coming in. There are people that do license commercially. They will take advantage of this and there will be less revenue coming in.

SENATOR BERCIER I couldn't support this unless the farm vehicles come in at a farm rate and then for a few months of the year come in at a commercial rate and then prorated back out. We can't do that in the truck business but this will open the door for it.

SENATOR B. STENEHJEM We will hold the bill.

February 11, 1999-Tape 2-Discussion

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SENATOR B. STENEHJEM The commercial haulers after they register them in the spring under load restrictions and only register them for 40,000 and after load restrictions go off they may register them for 60,000 for the rest of the year.

SENATOR THOMPSON The problem I have with the bill is you license to a commercial but after they're done they may have a job hauling neighbor's grain and then go back to the lower rate for registration. I worried about the money coming in. Other's in the commercial industry may want to do the same thing saying "I'm not using my equipment the last quarter of the year so I want a reduction. Once you go up you shouldn't be able to go back down.

SENATOR SCHOBINGER There might be another problem. If the truck was a farm vehicle and designated a farm vehicle you don't have to have a CDL to drive it. It specifically says a farmer may retain the farm vehicle designation and use the truck as a combination of truck and trailer. If you don't have to have a CDL it could be argued that the person could drive the truck commercially without a CDL licensing if its in the state.

SENATOR THOMPSON I would move for a Do Not Pass on SB 2428.

SENATOR O'CONNELL I second that.

SENATOR MUTCH I wonder if they will save a lot of money by going from a farm to commercial license.

SENATOR B. STENEHJEM There are already farmers doing this. They are trying to make a lower rate so more people will do it. Is it fair that someone in the construction industry is paying registration when they are not using the truck?

SENATOR COOK In addition to the penalty any person violating this subsection shall license for the entire license period the farm vehicle at the higher commercial vehicle rate by the farm

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vehicle at the time of the violation. If you had a farmer hauling sugar beets for another farmer, he would be challenged and probably have to pay a fine.

SENATOR MUTCH Helping your neighbor hauling should be commercial, shouldn't it?

A roll call vote was taken (4 Yeas, 2 Nays, and 1 Absent and Not Present).

Senator Thompson will carry SB 2428.

FISCAL NOTE

(Return original and 10 copies)

Resolution No.: SB 2428 Amendment to: _____

Requested by Legislative Council Date of Request: 1-27-99

- Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. .

Narrative:

It is not possible to accurately estimate the fiscal effect of this bill because there is no way to determine the number of farm truck owners that would choose to take advantage of the provisions of this bill. However, it is anticipated that the provisions of this bill could result in \$100,000 per biennium in additional revenue for the Highway Tax Distribution Fund.

- State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$63,000		\$63,000
Expenditures						

- What, if any, is the effect of this measure on the budget for your agency or department:

For rest of 1997-99 biennium:

b. For the 1999-2001 biennium: Additional revenue available to match federal highway funds.

c. For the 2001-03 biennium: Additional revenue available to match federal highway funds.

- County, city, and school district fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			\$23,000	\$14,000		\$23,000	14,000	

Signed: *Keith Kiser*

Typed Name: Keith Kiser, Motor Vehicle Director

Department: Department of Transportation

Phone Number: 328-2725

Date Prepared: 2-1-99

Date: February 11, 1999

Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2428

Senate Transportation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Senator Thompson Seconded By Senator O'Connell

Senators	Yes	No	Senators	Yes	No
Sen. B. Stenejem-Chairman		X			
Sen. R. Schobinger-V. Chair	X				
Sen. Duane Mutch	X				
Sen. Dwight Cook		X			
Sen. David O'Connell	X				
Sen. Vern Thompson	X				
Sen. Dennis Bercier					

Total (Yes) 4 No 2

Absent 1

Floor Assignment Senator Thompson

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 12, 1999 3:17 p.m.

Module No: SR-29-2814
Carrier: Thompson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2428: Transportation Committee (Sen. B. Stenehjem, Chairman) recommends DO NOT PASS (4 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). SB 2428 was placed on the Eleventh order on the calendar.