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Members of the House Ways & Means Committee:

Nationally, trucks haul about 70% of all freight tonnage; in Vermont this figure is higher due to limited rail freight traffic and infrastructure. Vermont trucks compete nationally for business. Due to this competition, revenue is flat, with freight costs remaining low. Any increase in costs to do business will have an impact on the ability of Vermont based businesses to compete. Moreover, any increase in registration fees or will be disproportionately borne by smaller carriers and by those driving most of their miles in-state.

Vermont is in the top 10 of the 50 states in heavy truck registration right now. Source: <https://www.fhwa.dot.gov/> All heavy trucks travelling in Vermont pay both fuel taxes and registration fees to Vermont, in proportion to mileage driven here. This is federally mandated via IRP and IFTA.

Currently, Vermont registration fees for an 80,000 tractor trailer is \$2,207.50 (source: <http://dmv.vermont.gov/fees/registration#Trucks>). Compare this to automobile registration fees of \$69.

Registration fees were last increased in 2012. In FY2015, in-state registered heavy trucks paid \$4,581,031. Out of state registered heavy trucks paid \$5,197,728. (source: JFO). The proposed increase in IRP is expected to generate an additional \$567,000. (source:DMV). JFO estimates it will increase \$460,000.

Purchase and Use Tax cap was last increased in 2009. Using FY2015 sales of 1,952 trucks, the proposed increase from \$1850 to \$2075 will generate an additional \$439,200 (source: DMV, JFO spreadsheet).

35 States exempt heavy truck rolling stock from P&U Tax; 3 cap this tax (VT, NC,SC), and 12 states have no cap (source: American Trucking Association)

If fees must be raised, are we asking the right questions? Why is it being raised, and what is the unmet need? Using CPI to raise fees across the board is simple, and may get us close to the right figure, but is that appropriate for government to do?

Example: instead of raising fees or taxes, what about re-allocating existing tax that is paid for transportation, to transportation? Vermont is one of 29 states that tax truck parts---could the tax on truck parts and tires, or perhaps all vehicle parts and tires, be allocated to AOT? Vehicle maintenance and repair is directly relevant to highway usage.

Regards,

