

**CHAPTER 121****(HCR 8)**

A CONCURRENT RESOLUTION directing the Interim Joint Committee on Appropriations and Revenue to study the development of passenger and freight rail initiatives in the Commonwealth and the elimination or modification of the weight distance tax and the usage tax on motor carriers with the options for replacing the lost revenues from the elimination or modification of the weight distance tax and the usage tax on motor carriers.

WHEREAS, currently fifteen railroads operate over 2,811 miles of rail lines within the borders of the Commonwealth; and

WHEREAS, in 1998 a total of 4,185,072 carloads of freight were carried in the Commonwealth representing a total of 302,584,604 tons of freight; and

WHEREAS, in 1998 there were 5,763 rail employees living in Kentucky who were paid a total of \$311,461,000 in wages; and

WHEREAS, 15,926 railroad retirement beneficiaries were living in Kentucky in 1998 who were paid a total of \$170,344,496 in benefits; and

WHEREAS, in addition to the state's previous history of passenger rail service and the continued importance of freight rail service within the Commonwealth, the federal government has increased its commitment to expanding rail transportation through the last two federal transportation funding bills, commonly referred to as ISTEA and TEA-21; and

WHEREAS, TEA-21 provides \$950 million between 2000 and 2003 to encourage the development and construction of magnetic levitation passenger trains that travel in excess of 240 miles per hour; \$50 million in 2000 and 2001 for high-speed rail corridor planning and technology development programs; \$60 million between 2000 and 2003 to reduce or eliminate the hazards at highway-rail grade crossings in designated high-speed rail corridors; and \$70 million between 2000 and 2003 to fund pilot projects that demonstrate the public interest benefits associated with light density railroad and light rail's contribution to overall multimodal transportation systems; and

WHEREAS, at the time TEA-21 was enacted and provided this money for high-speed rail initiatives, Kentucky did not apply to receive any because there were no high-speed rail corridors that included the Commonwealth; and

WHEREAS, on October 11, 2000, U.S. Transportation Secretary Rodney Slater expanded the Mid-West High-Speed Rail Corridor to include service to Louisville, Kentucky; and

WHEREAS, now that Kentucky has been officially included in a high-speed rail corridor, it is imperative for the state to capitalize on applying for these limited federal dollars to offset costs associated with bringing plans for high-speed rail service to the Commonwealth; and

WHEREAS, there are now ten federally designated high-speed rail corridors across the nation, and it is hoped these corridors will ultimately serve 150 million people in 30 states; and

WHEREAS, it is hoped that this renewed commitment to revitalizing passenger, as well as freight rail services, should, at a minimum, transform the nation's mobility, improve the quality of life in urban areas, spearhead economic development efforts; and

WHEREAS, Kentucky stands to benefit greatly by developing rail initiatives in nonattainment areas of the state that are under mandates from the federal Environmental

Protection Agency, including Louisville and Northern Kentucky, that are required to conduct vehicle emission tests; and

WHEREAS, piggyback rail service, connecting small towns to major rail freight hubs, is a key to economic development and job creation in rural Kentucky; and

WHEREAS, protection and preservation of underutilized and abandoned rail corridors will maintain the rail corridors necessary to foster piggyback service without significant new capital investment; and

WHEREAS, the state's traditional rural nature is rapidly changing in today's global economy and it is imperative for Kentucky to begin planning to keep in step with actions neighboring states are currently taking, and will continue to take, in the near future; and

WHEREAS, Kentucky imposes a weight distance tax on motor carriers weighing 60,000 pounds or more at a rate of \$0.0285 per mile; and

WHEREAS, 43,000 motor carriers are currently paying the weight distance tax; and

WHEREAS, weight distance tax and usage tax receipts, which go into the road fund, totaled approximately \$70,000,000 in FY 1999 and \$75,000,000 in FY 2000; and

WHEREAS, Kentucky imposes a usage tax of 6% on the purchase of motor vehicles; and

WHEREAS, weight distance tax and usage tax receipts are an important source of road fund revenue; and

WHEREAS, Kentucky is one of only four states in the nation which impose a weight distance tax; and

WHEREAS, Kentucky's trucking industry is concerned that the weight distance tax is inefficient, difficult to enforce, and burdensome, both for the state and for motor carriers; and

WHEREAS, Kentucky's trucking industry argues that the weight distance tax places it at a competitive disadvantage and that the usage tax has a negative impact on the growth and development of motor carriers in the Commonwealth; and

WHEREAS, the weight distance and usage tax issues need to be studied in a systematic, thoughtful, and objective manner;

NOW, THEREFORE,

*Be it resolved by the Senate of the General Assembly of the Commonwealth of Kentucky, the House of Representatives concurring therein:*

Section 1. The Interim Joint Committee on Appropriations and Revenue is directed to study the development of passenger and freight rail initiatives in the Commonwealth. The study shall identify short-term and long-term options for increasing passenger and freight rail service throughout Kentucky. The study shall develop an inventory of existing infrastructure, technology, and funding sources affecting both passenger and freight rail services within the Commonwealth. Similarly the study shall identify needed improvements to rail infrastructure, options for utilizing technology to increase passenger and freight rail service, options for preserving abandoned rail lines and corridors and methods of maximizing the state's ability to receive federal rail funds through TEA-21 and future federal transportation funding bills. The study shall review rail initiatives in states bordering the Commonwealth and identify steps necessary to develop a compatible rail network throughout Kentucky. The study shall also address the issues of the fairness and efficiency of the weight distance tax and usage taxes on motor carriers, the effect

these taxes have on Kentucky's economy and the trucking industry, and the options for replacing revenue that would be lost if the taxes were eliminated or modified.

Section 2. The Interim Joint Committee on Appropriations and Revenue shall report its findings and recommendations to the Legislative Research Commission not later than November 1, 2001.

Section 3. Provisions of this resolution to the contrary notwithstanding, the Legislative Research Commission shall have the authority to alternatively assign the issues identified herein to an interim joint committee or a subcommittee thereof, and to designate a study completion date.

**Approved March 19, 2001**