

Chronological: American Trucking Association Support for S. 539

Senator Daniel K. Inouye Papers
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SPEECH BEFORE THE AMERICAN TRUCKING ASSOCIATION
SUPPORT FOR S.539

June 20, 1991

I am pleased today to be with representatives of the nation's trucking industry who play such a crucial role in assuring that commerce and trade in our country runs smoothly.

I would like to thank all of you, and the American Trucking Association for inviting me to share some of my thoughts on the nation's pressing transportation issues. I am especially interested in the need for uniform tax reporting and registration for the trucking industry.

Unfortunately, most of my colleagues really do not appreciate the trucking industry because I suppose they find airlines and shipping are a bit more appealing and somehow more glamorous. When I point out to them that truckers carry 85 percent of all furniture and appliances, and about the same percentage of all food, rubber products, and plastic goods, they are surprised. They don't realize that

truckers carry 70 percent of all lumber, wood, steel, sheet metal and cable products produced in the United States. Trucking serves every community in the United States, and is the sole means of freight transportation for two-thirds of those communities. I do not need to tell you that the U.S trucking industry is a vital sector of our nation's economy.

However, our nation's truckers often face very unfair tax burdens and overbearing multiple registration requirements. That is why I introduced legislation in the Senate, S.539, requiring a uniform state tax reporting and registration procedure for trucking. I think my bill will go a long way in saving money by simplifying and reforming the overly bureaucratic system which American truckers face daily.

Yes, it will save money for truckers, and save money for your organizations, but I think equally as important, if not more important, it will save a lot of money for consumers. When I first drafted this legislation I thought savings might be in the millions of dollars. There has been no definitive estimate yet, but I have been assured that this measure could save the American consumer billions of dollars. Whenever this happens consumers are very happy.

If the bill is passed by the Congress it will mean a true savings in bureaucratic expenses for companies of all sizes. The bill will save billions of dollars in extra transportation costs--which consumers are required to pay--due to hidden costs imposed by bureaucratic duplication. By removing the extra paperwork and eliminating the multiple forms and other tasks caused by disparate state control on motor carrier freight, we can decrease the burden on the interstate transportation of goods.

My bill would eliminate double taxation. It would eliminate the practice of local municipalities targeting truckers as a means of raising revenue. It would set up a uniform court-approved standard for interstate motor carrier taxation at the state and local levels. The bill requires states which register and tax non-domiciled interstate carriers to join the International Registration Plan (IRP) and the International Fuel Tax Agreement (IFTA). To put it briefly, the bill will simplify the burden of paperwork by reducing the multiplicity of standards which truckers currently face.

As you know, the International Registration Plan and International Fuel Tax Agreement systems are not new. The plans are presently voluntary participation plans. Some

have suggested that we should keep this a voluntary matter. Yes, voluntarism is Americanism, but in this case it just continues inefficiencies and excessive cost. Frankly, if voluntarism worked, I would have preferred that instead of having Congress intervene.

It has taken close to twenty years to attain nationwide membership in the International Registration Plan alone, and if we continue to postpone improvement rather than act quickly it will take just as long to achieve nationwide membership for the International Fuel Tax Agreement. I think the time has come for Congress to bring administrative uniformity and efficiency into the motor carrier fleet registration and fuel use tax reporting systems. Waiting for voluntary action will only perpetuate the inefficiencies and overbearing costs related to administrative complexities. These costs are translated into price increases for the consumer, which damages our nation's international competitiveness.

There is another matter on trucking that most Americans are not aware of. There have been times when we find other nations in this world out-doing us. We all know of the substantial trade deficit, the automobile market, and electronics, and we are told that we have lost our touch.

But there is one area where the Japanese and Germans are both envious. They have indicated this without any qualms. Our trucking industry is the best in the world.

On the average our trucks deliver freight within one hour of the estimated delivery time. We take that for granted. The Japanese study our systems because they believe they are lucky if they can come within five days. In Japan, if you ship by truck, you "take your chances." They cannot guarantee delivery, and so it should not surprise us that at this very moment there are Japanese all over the United States, and I suppose some have visited your companies, trying to find out how it's done. They have faster railroads, and they have more ships than we have, but when it comes to trucking we have them beat.

I believe that if we can eliminate the red tape, duplication, and provide uniformity in taxes, the United States will be a model of excellence.

I am optimistic about this bill, because I feel it serves a legitimate need in reforming and invigorating our interstate commerce network. The provisions of the bill are common sense methods of standardizing trucking regulations,

STATEMENT BY SENATOR DANIEL INOUE
June 20, 1991
Page 6

and establishing an equitable system of tax regulations for the industry.

However, I am under no illusions that getting this bill passed into law will be simple or effortless. Under the reforms of this bill, local municipalities believe they stand to lose a valuable tool for raising revenue, and can be expected to lobby vigorously against it. It will take hard work and extensive preparation to ensure passage of S. 539, so I would urge all the members of the American Trucking Association to contact their representatives in Congress. With your help, I believe we will achieve our goal. It is simply the right thing to do.

I look forward to working with the American Trucking Association to overcome the challenges to this bill. I am optimistic that common sense will prevail, and that S. 539 will become law. In the coming months, I hope that you will continue to keep me informed of your concerns and suggestions on this legislation, in addition to other important developments in the trucking industry.

Thank you very much.

SPEECH COPY. June 20, 1991
AMERICAN TRUCKING ASSOCIATION
Grand Hyatt, DC

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Thank you very much.

Ken Stanger
Stu Breznan

M E M O R A N D U M

TO: SENATOR INOUE

DATE: June 18, 1991

FROM: MARK

RE: **TALKING POINTS FOR YOUR SPEECH BEFORE THE AMERICAN TRUCKING ASSOCIATION**

The following are highlights of recent trucking industry reports which you may find interesting enough to add as asides to your speech on Thursday evening. I drafted a speech which concentrates on S.539, your bill to reduce tax and registration requirements of truckers, using your comments to the Truck Renting and Leasing Association. You may wish to make some general observations in addition, and I hope that the following is useful.

Trucking Stats (forecast for 1991)

Revenue\$287.9 billion
Employment..... \$1.73 million
Average Hourly Earnings \$12

Industry Jobs Breakdown

Average Compensation

Drivers and helpers	40%	\$34,000
Cargo Handlers	28	16,000
Managerial	15	41,000
Clerical	11	20,000
Repair&service	4	28,000
Officers	.2	110,000
Other	3	29,000

Major Trends

No dramatic change is expected for the trucking industry. Instead, trends already underway will intensify. Competition from other truckers, railroads and small package express carriers will produce an industry characterized by computer and communication links, larger trucks, more sophisticated global carriers and shippers, and blurred modal distinctions.

Quick Delivery Trucking Growing Fastest

While markets for both small and large freight have room for growth, markets for next-day and second day delivery are growing, and can provide companies with good tracking systems high profit margins for several years.

Minimum Rates

The ATA has urged the ICC to consider establishing minimum rates to cushion reportedly fierce price competition, but reregulation of rates is unlikely due to increasing global market pressures. Shippers are likely to enjoy a buyer's market in which soft rates are common.

Labor-Management Interaction

In contrast to the great battles between management and labor in the railroad industry, motor carrier workers have acquiesced to management, acknowledging deregulation problems and programs to bolster ailing firms.

Since deregulation the Teamsters have seen their motor carrier workers reduced by about 100,000 workers. (about 160,000 work for the top 26 LTL carriers-ATA consists of traditional LTL carriers)

Wage increases for Teamster truck drivers lags behind inflation.

Nagging Problems

Workers compensation costs, labor costs, and insurance costs, continue to be high enough to cause major problems.

Alternative Fuels and Trucking

The trucking industry opposes the use of alternative fuels by heavy-duty trucks. Concerns include greater fuel costs, low supply availability, and limited sources and technology. However, the Chairman of ATA, the industry will spend \$1 billion on conversion by 1994. Less than 10% of motor vehicle pollutants are emitted by trucks, yet truckers will assume a large share of the burden because of high visibility and lack of political clout.

QUESTIONS WHICH YOU MAY BE ASKED AND SUGGESTED RESPONSES

The members of ATA may ask you questions after your speech. I anticipate they may be similar to the following:

1) Why did you vote for the limiting of length and weight of trucks?

Because you had a genuine concern about safety in Hawaii, where we do not have the type of roads which can accommodate bigger trucks. Moreover, it was necessary to be consistent with your vote for protecting the safety of motorists when you voted against deregulation of trucking (you cited a threat to safety caused by excess capacity.)

2) What is the time table on your bill, S.539?

A number of discussions on the contents of S.539 have been encouraging. The Chairman of the Senate Surface Transportation Committee has agreed to work with the House in order to include the intent of S.539 into the House version of the Highway Authorization bill. The Highway authorization is probably the best vehicle for this legislation. In this case, you can expect passage by Congress in mid September.

3) When will a final Highway Authorization bill pass?

The Senate is close to an agreement (as of this memo) but the House is not expected to have a bill to consider until July. The Budget Committee has estimated that it will pass sometime late in the Summer (actually July, August, or September) depending on the completion of other committees' budget matters.

4) Will the President's formula revision proposals provide for the completion of highway improvements?

State matching requirements would increase under the President's highway program. States would pay 25 percent or more of the construction cost for projects on the National Highway System (up from 10 percent) and 40 percent or more of the construction cost for urban/rural programs (up from 25 percent). The President's program would also replace the current 85 percent minimum allocation program with a new formula based heavily on federal gas tax revenues. The amount of highway funding a state receives would be based 70

percent on gas tax revenues collected in that state, 15 percent on land area and 15 percent on highway miles.

5) The IFTA and IRP plans contained in your bill have been part of past bills which did not pass. Why can we be more optimistic that legislation will be passed this year?

Because you have separated more controversial issues from my bill in favor of urgently needed common-sense reform, and because you are a member of the Committee which has jurisdiction over these matters.