



Testimony of Heather Hayes, Operations Manager
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Thank you for the opportunity to submit my testimony. My family has been delivering goods via truck since the early 1980's. In 2002 we started Tradewinds Transportation with 20 trucks and 25 employees. Today, we run 90 truck and trailer combinations throughout the US and employ/contract 120 people.

Our sustainability efforts are evident. We have been a partner carrier of the Environmental Protection Agency SmartWay Program since 2010. We run late-model equipment to improve our operating efficiency and to reduce our carbon footprint. Our diesel consumption is reduced with lightweight, speed-governed equipment and low-rolling resistance tires. Our equipment has also reduced greenhouse gases with improved aerodynamics and the latest in hot/cold air technologies to reduce vehicle idling. This is a testament to our commitment to deliver excellence without compromising the safety and health of our employees and community. We are not the largest carrier but we service many of the largest suppliers in the nation. We transport building materials for homes, hospitals, airplanes, and hotels, as well as farm supplies, non-perishable food items and household goods. The services for these suppliers are dedicated and contracted for periods of 1-3 years. Majority of our contracts have renewed multiple time since we began business in 2002. We are proud to be committed to safety and, as a testament to our commitment, we have been recognized and awarded multiple times for our outstanding achievements in highway safety.

Since 2015, we have travelled 34.1 million miles delivering goods to communities throughout the US. In Oregon, trucking companies alone transport over 80% of the tons of freight that move within our state lines and service over 80% of Oregon's communities. The service we provide is to deliver the very goods our communities need to survive and the cost to deliver these goods is the highest in the US.

Oregon is a leader of the highest highway use tax in the nation. Oregon carriers pay approximately \$30,000 annually, where, distant at number 2, California carriers pay approximately \$23,000 annually. In 2017, Oregon passed HB2017 which increased Oregon's weight mile tax an overwhelming 53% over the next 8 years. Carriers have been bombarded with many additional costs in recent years ranging from increased equipment costs, mandated technology costs, mandated labor benefit costs, and labor-wage cost increases. The large majority of these cost increases are specific to the State of Oregon. This means that the cost for me to operate as a carrier is more than that of my competitors nationally or even those in neighboring states.

Trucking is a 2-4% margin of profit business, nominal changes to our cost structure can have a detrimental impact on our business. In February 2019, we were offered an opportunity to be a national carrier for The Home Depot. Unfortunately, on February 15, 2019 I had to turn down that opportunity. After declining the bid, The Home Depot's Logistics Manager, Harshil Patel, called me from Atlanta, GA to encourage our management team to reconsider. We declined again and then later a 3rd time. Several managers from The Home Depot reached out because they didn't understand why our rates would not compete. The Home Depot's program required additional insurance and billing costs, they were aware of the cost impact on carriers and encouraged us to "just add the costs to our rates". Being an Oregon based carrier that wasn't possible. My high operating costs caused my base rate to be above The Home Depot's benchmark rates so there wasn't any room for additional costs. Simply said, the high cost of being an Oregon carrier was a disadvantage and priced us out of the market.

It is estimated that SB1530 will increase the cost of diesel 15 to 20 cents per gallon. While we do charge a fuel surcharge, the majority of customers mandate their own fuel surcharge using the Department of Energy's average of their choice. This means that if my fuel cost increases it is not an option to add that cost to my fuel surcharge. I also cannot add the cost to my contracted rates, as mentioned above many of my contracts are 1-3 years long. Finally, freight bids in our industry are blind bids. If accepted, they are then tendered to the lowest bid first. Since our competitors are national carriers from states with lower costs, we can, and we have, lost multi-million dollar contracts because we were as little as \$0.01-\$0.02 per mile higher than a competitors bid.

What are cost impacts of SB1530?

- SB1530 will increase operating costs, again, for Oregon carriers.
- SB1530 will force Oregon carriers to raise their rates placing them further above the national market average.
- SB1530 will force carriers to say no to new contracts and opportunities for growth.
- SB1530 will alter carrier costs, effect Oregon's economy and, like CAT Tax, will ultimately the inflate cost of Oregon's goods.
- SB1530 will raise Oregon tax heads and shoulders above any other state in the nation making Oregon the most expensive state to operate a truck.
- SB1530 will grossly penalize an industry that doesn't have a viable alternate technology option available.
- SB1530 will deliver a billion-dollar loss to the Highway Trust Fund putting the maintenance and safety of Oregon's road infrastructure, and our motoring public, at risk.

To conclude, Tradewinds Transportation, and our industry, simply cannot afford any significant or additional costs to continue to be a sustainable and efficient Oregon based employer and carrier. Saying yes to SB 1530 is saying no to Oregon trucking business - the very business doing a undervalued job delivering Oregon communities the essentials they need to survive.

See attachments for reference:

* A chart prepared by the American Transportation Research Institute showing the costs for all states.

*Current chart of all state gasoline and diesel fuel taxes.

*Example of "passed on" CAT tax.

This concludes my testimony. Thank you.