

Final Report of the Interstate Truck Rate Reciprocity Procedures Study Committee

House Joint Resolution 23, Sixty-second Iowa General Assembly, directed that the Legislative Research Committee conduct a Study during the 1967-1969 biennium of "the interstate truck reciprocity problem in Iowa, the laws relating thereto, and the need for legislation to correct the problem." The Resolution established a nine-member Study Committee to be composed of three members of the Senate appointed by the President of the Senate, three members of the House of Representatives appointed by the Speaker of the House, and three legislative members appointed by the Legislative Research Committee. It was further provided that one of the legislators appointed by the Research Committee would act as Chairman of the Study Committee. The Research Committee was granted authority to appoint nonlegislative members to the Study Committee, if deemed advisable.

The following legislators were appointed to serve on the Study Committee in accordance with House Joint Resolution 23:

President of the Senate appointees:

Senator Robert J. Burns, Iowa City
Senator William F. Denman, Des Moines
Senator Clifton C. Lamborn, Maquoketa

Speaker of the House of Representatives appointees:

Representative Vernon N. Bennett, Des Moines
Representative C. Raymond Fisher, Grand Junction
Representative Edgar H. Holden, Davenport

Legislative Research Committee appointees:

Representative William J. Gannon, Mingo
Representative Leroy S. Miller, Shenandoah
Senator Howard C. Reppert, Jr., Des Moines

Representative Leroy S. Miller was designated by the Research Committee as Study Committee Chairman. The organizational meeting of

the Study Committee was held August 22, 1967 at which time Senator Howard C. Reppert, Jr. was appointed Committee Vice Chairman. Following an initial review of the subject matter which indicated the complexity of the issues involved in the Study, the Committee believed the appointment of advisory members to be essential to the conduct of the Study. At the request of the Committee, the following advisory members, representing a variety of interests, were appointed by the Legislative Research Committee to serve in an advisory capacity on the Study Committee:

- Mr. Harold E. Baker, Vice President
Ruan Transport Corporation
- Mr. Robert C. Barry, Member
Iowa State Highway Commission and
Chairman, Iowa Reciprocity Board
- Mr. L. E. Crowley, Executive Secretary
Iowa Motor Truck Association, Inc.
- Mrs. Joy B. Fitzgerald, Executive Secretary
Iowa Reciprocity Board
- Mr. Paul Fletcher, President
Iowa Better Trucking Bureau
- Mr. Richard G. Hileman, Executive Secretary
Iowa Good Roads Association, Inc.
- Mr. Richard Petska, Board member
Iowa Industrial Traffic League, and
Assistant Secretary, Cedar Rapids Chamber of Commerce
- Mr. William F. Sueppel
Attorney at Law
- Mr. Dick A. Witt, Commissioner
Iowa State Commerce Commission and
Member, Iowa Reciprocity Board

Interstate vehicle reciprocity-proration is a complex and highly technical subject, and portions of the Committee's time were devoted to developing a working knowledge of the subject matter and issues involved. The Committee relied

heavily on the advisory membership of the Committee, particularly Mrs. Fitzgerald, for information on present laws and procedures. Persons representing both large and small motor carriers, administrators from other states, and interested persons attended Committee meetings to present their views on present Iowa reciprocity-proration laws and procedures.

To more effectively utilize the knowledge and experience of the advisory membership on the Committee, Chairman Miller established an Advisory Subcommittee composed of the advisory membership of the Committee. Mr. Harold E. Baker was designated Subcommittee Chairman. The Subcommittee periodically presented factual information to assist the Committee in both familiarization with the subject matter and possible areas where revision in Iowa laws and procedures was considered necessary. The Subcommittee presented for Committee consideration a comprehensive report of its recommendations for revisions in present Iowa reciprocity-proration laws and procedures. The report was accompanied by legislation to implement the Subcommittee's proposed revisions in present laws and procedures.

This report is divided into two major sections. The first section relates to present reciprocity-proration laws and procedures, while the second major section contains the Committee's recommendations regarding the study. Although this report is not limited to the material contained in the Subcommittee's report, the organizational scheme and the bulk of the Subcommittee's report have been incorporated into this report.

I. PRESENT RECIPROCITY-PRORATION LAWS AND PROCEDURES

A. Reciprocity

Two basic approaches have been taken by the states in the imposition of registration and other fixed fees upon vehicles engaged in interstate commerce; namely, reciprocity and proration. The traditional concept of reciprocity involves the free movement of motor vehicles in interstate commerce so long as the vehicle is properly registered in the state of the owners' residence. This concept is identified as "residency reciprocity". A second concept of reciprocity is known as "basing point" reciprocity, recognition

being given to the license status of the vehicle registered in the state where the vehicle is based regardless of the residence status of the owner of the vehicle.

B. Problems of Reciprocity

Various complicating factors have become evident which have disrupted the traditional concept of reciprocity. The following material briefly discusses some of the concepts of proration and reciprocity and the disrupting problems which have contributed to a breakdown of these concepts.

1. Unequal Mileage. Inherent in straight reciprocity is the concept that interstate vehicles licensed in one state will travel approximately the same number of miles in the other state as the interstate vehicles registered in the other state travel in the first state. In practice, however, some states (including Iowa) have become known as "bridge states" with the flow of interstate traffic into and through the state exceeding the flow of traffic from the state.

2. Determination of the State of Residence. Although it is essential to the concept of residency reciprocity that the vehicle be registered in the proper state, determination of residency is frequently difficult. This is particularly true where the owner of the vehicle is a partnership, corporation, or other business entity. For example, a motor carrier may be incorporated under the laws of one state, maintain its principal place of business in another state, and dispatch vehicles from terminals located in still other states. Some states consider the corporation a resident of the state of incorporation; other states consider a corporation to be a resident of the state where the principal place of business is located; and still other states look to the basing point of the vehicles as the measurement of residency determination.

3. Determination of Basing Point. Reciprocity granted on the basing point theory is often difficult to administer because, during the registration year, the base of the individual vehicle frequently changes.

4. Motor Vehicle Tax Structures. The first registration fees imposed on motor vehicles were of a regulatory rather than revenue producing nature. Registration fees soon became an impor-

tant source of revenue for the construction and maintenance of the highway systems of each state. The revenue needs varied from state to state, since the cost of construction and maintaining of highways is not the same in each state. Factors contributing to these differences are labor costs, climatic conditions, expenditures for right-of-ways, geographical hazards, and similar items. Variation in registration fees from state to state also resulted from the variety of methods used to raise the necessary revenue for the highway programs. Certain elements of the trucking industry found it convenient to "shop around" and buy their license plates where they were the least expensive and then travel under straight reciprocity in states having higher registration fees.

Another important factor in the development of motor vehicle tax structures has been the imposition of highway use or "third structure taxes". The first two tax structures that are applied to commercial and private motor vehicles are the gasoline tax and the registration fee. Any tax imposed in addition to these first two taxes is commonly known as a third structure tax. A third structure tax most often takes the form of a ton mile or axle mile tax. The imposition of third structure taxes tends to destroy the traditional concept of reciprocity between states, because such taxes do not recognize the concept of free travel between states. States having such taxes, generally speaking, will not, or by statute cannot, grant reciprocity on the third structure taxes. Retaliation is often taken against third structure tax states, leading to a complete breakdown in reciprocity.

C. Development of Proration

Under the concept of proration or proportional registration, registration fees on interstate vehicles are apportioned among the states on the basis of miles traveled by the interstate vehicle in each state. Proration thus overcomes, in theory at least, the problem of unequal travel among states and the difficulty of determining residency since each state receives a share of registration fees based on miles traveled in the state.

Although some states have negotiated separate bilateral proration agreements, most states which prorate registration fees have become parties to the Uniform Vehicle Registration Proration and Reciprocity Agreement. The sixteen

states which are presently parties to the Uniform Agreement are:

Arizona	Kansas	New Mexico
California	Missouri	North Dakota
Colorado	Montana	Oregon
Idaho	Nebraska	South Dakota
Illinois	Nevada	Washington
Iowa		

In addition, the Canadian province of British Columbia is a member of the Agreement.

The Uniform Agreement provides for proration of annual registration fees on fleets of commercial vehicles operating in interstate commerce, among the states, on the basis of mileage traveled in each state. "Commercial vehicles" means vehicles with gross weights exceeding 6,000 lbs. which are used to carry passengers or property for profit. A fleet of commercial vehicles is defined as three or more vehicles at least two of which are motor vehicles.

Each state preserves its own tax structure under proration. What the carrier pays to each of the states with whom he registers his vehicles on a prorate basis is computed according to the tax structure of each individual state. The interstate fleet operator files an application with each of the states in which he intends to prorate registration fees; and each state determines on the basis of its own statutes the amount of registration fees payable for proportional registration of the fleet. The state in which the vehicle is based issues the license plate and registration credentials and all other states with which the fleet is registered on prorate issue decals or cab cards indicating the vehicle is proportionally registered with the state.

D. Major Proration Problems

The two major problems encountered under proration, both of which are closely related, are that only sixteen states have thus far joined the Uniform Agreement and there is a lack of uniformity of procedures among the sixteen states which are parties to the Uniform Agreement.

1. **States Currently Parties to the Uniform Agreement.** Proration of registration fees under the Uniform Agreement, originally the "Western States Agreement", began in 1956 with nine states becoming parties to the Agreement. Seven

states and the Canadian province of British Columbia have since joined the Agreement, and Arizona in 1963 has been the last state to become a party to the Agreement.

It is difficult to explain fully why the concept of proration of annual registration fees has not been adopted by all states. One factor is that most states have no statutory authority to prorate registration fees, but it would seem that legislation to authorize proration would be adopted in other states if such apportionment were considered desirable. The six states not currently parties to the Uniform Agreement which have authority to prorate are Michigan, Kentucky, Wisconsin, Utah, Oklahoma, and Texas. Oklahoma, Texas, and Utah prorate registration fees with most Uniform Agreement states. Wisconsin has bilateral proration agreements with Illinois and Missouri, while Michigan and Kentucky have thus far elected not to prorate registration fees.

There is no doubt opposition to proration in some states, particularly among states which are parties to another agreement, the Multi-state Agreement, under which reciprocity is extended on the basing point principle. States which are parties to this Agreement are Michigan, Indiana, Kentucky, West Virginia, Virginia, North Carolina, South Carolina, Florida, Georgia, Alabama, Mississippi, Louisiana, Tennessee, and Missouri which is also a member of the Uniform Agreement. These states apparently believe that insuring that interstate vehicles are base plated where most frequently dispatched, or otherwise controlled, is a better approach to the problem of interstate vehicle taxation than proration.

Proration is most advantageous in revenue terms to a bridge state, and states with little nonresident interstate truck traffic might therefore obtain more revenue under reciprocity than under proration. The states with third structure taxes may rely on such sources of revenue rather than registration fees, and these states may therefore have little interest in proration of registration fees.

2. Lack of Uniformity Among Uniform Agreement States. Another factor advanced in regard to why additional states are reluctant to become parties to the Uniform Agreement is the lack of uniformity of procedures among the Uniform Agreement states. The most important procedural differences among Uniform Agreement states are summarized below.

As indicated previously the Uniform Agreement specifies that the annual registration fee of each state is to be applied to the percentage obtained by dividing total fleet mileage into instate mileage traveled during the previous year. Although this formula is specified in the Uniform Agreement, a survey of the apportionment procedures utilized in the sixteen Uniform Agreement states reveals that seven different apportionment formulas are currently utilized. The use of apportionment formulas other than the total fleet mile formula is primarily attributable to the fact that only sixteen states have become parties to the Uniform Agreement.

The primary difference between the total fleet mile formula specified in the Uniform Agreement and the other major formula, compact miles, is the allocation of mileage in states which are not parties to the Uniform Agreement. Under the total fleet mile formula, the prorate percentage is based upon instate mileage as a percentage of total fleet mileage regardless of whether some of the mileage is traveled in states not prorating registration fees, i.e., reciprocity states. Under the compact mile formula, instate mileage is expressed as a percentage of only those miles traveled in states which are parties to the Uniform Agreement (Compact). The difference between the two formulas would obviously be eliminated if all states became parties to the Uniform Agreement.

An example using an interstate fleet subject to proration which travels 20,000 miles in one Uniform Agreement state, 20,000 miles in another Uniform Agreement state, and 20,000 miles in reciprocity states illustrates the difference between the two formulas. Total fleet mileage equals 60,000 miles, while total compact miles is 40,000 miles.

Total Fleet Mile Formula			Compact Mile Formula		
INSTATE MILEAGE	TOTAL FLEET MILEAGE	PRORATE %	INSTATE MILEAGE	TOTAL COMPACT MILEAGE	PRORATE %
20,000	60,000	33 1/3%	20,000	40,000	50%

Assuming, for example, an annual registration fee of \$1,000, the above state would receive under the total fleet mile formula 33 1/3% of \$1,000 or \$333.33 compared to 50% of \$1,000 or \$500 under the compact mile formula for each vehicle subject to proportional registration. The difference between the two formulas depends entirely upon the amount of reciprocity state mileage, and interstate carriers base plated in states in

proximity to reciprocity states will probably travel a greater number of miles in reciprocity states compared with carriers based in states located greater distances from reciprocity states.

The second major complicating factor involved in apportionment of mileage under proration is that interstate carriers traveling in both Uniform Agreement and reciprocity states under the total fleet mile formula, or the compact mile formula unless all states would apportion on the compact basis, are not required to apportion all fleet mileage since part of this mileage is traveled in reciprocity states. This problem is also directly attributable to lack of participation by all states in the Uniform Agreement. Interstate vehicles operating in states not prorating registration fees travel in such states by virtue of the reciprocity agreement negotiated between the carrier's base state and the reciprocity state. It is therefore contended that the base state should claim as instate mileage all mileage traveled in reciprocity states by its own based carriers to insure payment of registration fees on the basis of all fleet mileage.

In the example under the total fleet mile formula used above, the base state under the 100% apportionment formula would claim the 20,000 miles traveled in reciprocity states as instate mileage and the prorate percentage would be computed on the basis of 40,000 instate miles divided by 60,000 total fleet mileage for a prorate percentage of 66 2/3%. This procedure, known as the "Gulick Gimmick", was developed by a Kansas administrator named Fred Gulick. The calculation of the base state percentage under the compact mile formula to insure 100% apportionment is dependent on the apportionment formula used by other states, but the base state would claim the difference in the actual prorate percentage and 100%.

Eleven of the sixteen Uniform Agreement states utilize the total fleet mile formula specified in the Uniform Agreement, while two states utilize the compact mile formula. The three remaining states utilize different formulas, the major features of which are outlined below. Four states require 100% apportionment of the fleet mileage of vehicles based in their respective states. The State of Washington utilizes a total fleet mile formula, but a percentage of reciprocity state mileage is also claimed as instate mileage for both resident and nonresident carriers.

In the above example, Washington would claim 33 1/3% of total fleet mileage plus an identical percentage of reciprocity state mileage.

Fourteen of the sixteen Uniform Agreement states utilize "dollar proration" under which the prorate percentage is multiplied by the annual registration fee imposed on the vehicle. Application of the prorate percentage in the above total fleet mile example, 33 1/3%, to the present Iowa annual registration fee for a 72,000 lb. tractor-semi-trailer of \$895, for example, results in the fee payable to Iowa for proportional registration of the vehicle of \$298.30. Illinois, however, utilizes a procedure known as "vehicle" apportionment under which the number of base plates issued is limited to the number which could be purchased at the full registration fee with prorate fees actually paid. Under the above example, Illinois would require payment of the full \$895 fee if the owner of the vehicle wished to display an Illinois base plate, even though only \$298.30 would be payable in accordance with the total fleet mile formula. New Mexico utilizes a procedure somewhat similar to Illinois under which the minimum total dollar fee for proration of the fleet must be at least equivalent to one full registration fee for each application to prorate registration fees with the State.

The apportionment formulas and states which presently utilize each formula in the proration of registration fees are as follows:

Total Fleet Miles With No 100% Apportionment (8 states)

Arizona	Montana
California	Nevada
Colorado	North Dakota
Idaho	Oregon

Total Fleet Miles with 100% Apportionment (3 states)

Kansas
Missouri
Nebraska

Compact Miles With No 100% Apportionment (1 state)

South Dakota

Compact Miles With 100% Apportionment (1 state)

Iowa

Total Fleet Miles But Vehicle Apportionment (2 states)

Illinois
New Mexico

Total Fleet Miles Plus A Percentage of Reciprocity State Mileage (1 state)

Washington

3. Uniform Forms. Uniform application forms have been developed for use by interstate carriers in supplying the information needed by each state to compute the proportional registration fees due in accordance with the Uniform Agreement. Several states, however, require the use of forms other than those provided under the Uniform Agreement, which frequently results in considerable confusion among the carriers in reporting information to each state. Use of different forms is attributable in part to the wide variety of apportionment formulas and other requirements of each state, and use of the uniform forms in some states is probably not practical in view of statutory requirements or the procedural differences among Uniform Agreement states.

4. Interstate Vehicles Subject to Proration. Under the Uniform Agreement a commercial vehicle is essentially a vehicle with a gross weight in excess of 6,000 lbs. used for commercial purposes. A fleet is defined as three commercial vehicles, two of which are motor vehicles. Many states utilize definitions of commercial vehicles and fleets in conflict with the terms of the Uniform Agreement. Some states require proration only of vehicles having a laden gross weight in excess of 12,000 lbs. Illinois requires proration only of fleets composed of three or more power units.

5. Types of Operation Permitted. The Uniform Agreement specifies that vehicles subject to proration, are considered fully registered for operation in interstate commerce, and intrastate commerce incidental to the interstate operation. All states require that any vehicle engaged strictly in intrastate commerce be fully registered in that state, but the types of intrastate movements in conjunction with interstate movements permitted vary among the Uniform Agreement states. Illinois, for example, permits no intrastate operation unless the vehicle displays an Illinois base plate, and under the "vehicle" apportionment formula utilized by Illinois, carriers with

intrastate operations may be required to pay additional registration fees to obtain a sufficient number of Illinois base plates.

E. Present Iowa Reciprocity-Proration Laws and Procedures

1. Iowa Reciprocity Board. The three-member Iowa Reciprocity Board was established by the 1959 Legislature and is composed of a member of the Iowa Highway Commission, a member of the Iowa Commerce Commission, and the Commissioner of Public Safety. The Board is required to appoint a full-time executive secretary to perform the administrative functions of the Board. The present staff is composed of ten full-time employees, plus additional part-time employees during peak periods of the registration year. The Board is authorized to negotiate reciprocity and proration agreements with other jurisdictions.

2. Reciprocity Agreements. Iowa has either formal written agreements or understandings providing for reciprocity on registration fees with all states except Arizona. Arizona grants no reciprocity on registration fees to any state. All Iowa reciprocity agreements are negotiated on the basis of the residency of the vehicle owner. Iowa does, however, recognize vehicles licensed under basing point reciprocity in accordance with the Multi-state Agreement, if the vehicles are based in a state that has a residency reciprocity agreement with Iowa and the owner's state of residency certifies to the Iowa Reciprocity Board that the vehicle is properly registered under the Multi-state Agreement. Motor vehicles traveling on Iowa highways under reciprocity must purchase a reciprocity permit at a fee of \$1.00.

3. Proration Agreements. The Iowa Reciprocity Board is further authorized to negotiate proration agreements under which resident or nonresident owners of fleets of two or more commercial vehicles engaged in interstate commerce may apportion registration fees among Iowa and other states. Iowa law, as amended in 1965, provides for apportionment of registration fees on a compact mile basis, with provision for redetermination of the registration fees due Iowa on vehicles base plated in this State to insure 100% apportionment of mileage. Vehicles subject to proportional registration and base plated in Iowa are considered to be fully registered for both interstate commerce and intrastate commerce in Iowa.

Prorate fleets of nonresidents, not base plated in Iowa, may simultaneously engage in both interstate and intrastate commerce, but no other intrastate operation is permitted without the displaying of an Iowa base plate.

4. **Court Decisions Involving Iowa Procedures.** Iowa became a party to the Uniform Vehicle Registration Proration and Reciprocity Agreement in 1959 following adoption of legislation authorizing proration of registration fees. The Board, in determining Iowa procedures, interpreted the legislation to require that all mileage of the carrier subject to proration be apportioned to either Iowa or states agreeing to apportion registration fees. The Board therefore required apportionment on the basis of miles traveled in the Compact states only, and instituted a rebilling procedure under which the difference between actual mileage apportioned and 100% of mileage was claimed by Iowa on all vehicles displaying Iowa base plates.

The Iowa method of apportionment was challenged by a nonresident carrier, Consolidated Freightways Corporation, and the Polk County District Court ruled in 1964 that Iowa law in fact required apportionment of registration fees on a total fleet mile basis, with no provision for rebilling Iowa based vehicles to insure 100% apportionment of mileage. The lower court ruling was affirmed by the Iowa Supreme Court in October, 1965, but prior to the Supreme Court decision the 1965 Iowa Legislature revised Iowa law to implement the compact mile formula with 100% apportionment of mileage required for Iowa based vehicles. As a result of the Court decision, Iowa was required to refund the difference between fees collected on the basis of Iowa procedures and fees due under the total fleet mile formula with no 100% apportionment of mileage.

The 1965 amendment to implement the compact mile formula with 100% apportionment of mileage was also challenged on the basis that the 1965 amendment was in conflict with the Uniform Agreement previously ratified by Iowa, and therefore was an impairment of the obligation of contract. The Iowa Reciprocity Board on September 13, 1965 was enjoined by the Polk County District Court from collecting proportional registration fees on the basis of the 1965 Act for those carriers parties to the action, pending disposition of the case. The case remained pending until April, 1968 at which time the Polk County Dis-

trict Court ruled that the 1965 law conflicts with, and therefore cannot be applied to, the prior obligation of Iowa to apportion registration fees in accordance with the formula prescribed in the Uniform Agreement. Provision is made in the Uniform Agreement for states, provided the consent of the other states is obtained, to specify procedures different than those required under the Uniform Agreement in the appendix to the Agreement, but the Court pointed out that Iowa made no attempt to amend its appendix to implement the compact mile formula and 100% apportionment of mileage.

The effect of the 1968 decision is that Iowa, under the Uniform Agreement, is required to apportion registration fees on a total fleet mile basis; and if this decision is upheld by the Iowa Supreme Court, the State will again be required to refund the difference in prorate registration fees collected between the Iowa formula, and the total fleet mile formula, specified in the Uniform Agreement. The decision of the Polk County District Court is being appealed by the State to the Iowa Supreme Court.

The Committee has, from the date of establishment of the Study, considered the present Iowa apportionment formula to be compact miles with 100% apportionment of mileage, and it is believed the possibility that the courts would rule otherwise was not contemplated by the General Assembly in establishment of the Study. The Committee therefore believed it advisable to urge the Iowa Reciprocity Board to consider submitting a proposed amendment to the Iowa Appendix to the Uniform Agreement to implement the intent of the 1965 amendment until the General Assembly has an opportunity to review the apportionment formula. Following adoption of a resolution to the Iowa Reciprocity Board urging use of the present compact mile formula for the 1969 registration year, the Committee returned to its study of the possible need for revision in the statutory apportionment formula in accordance with the directions of House Joint Resolution 23.

The Iowa Reciprocity Board has submitted a proposed amendment to the appendix to the Uniform Agreement to implement the 1965 amendment for the 1969 registration year, and the sixteen jurisdictions concerned have indicated they will accept the amendment. Unanimity of all states parties to the Uniform Agreement is required to implement procedures different than specified under the Uniform Agreement.

II. COMMITTEE RECOMMENDATIONS

The Committee has given careful consideration to present Iowa reciprocity-proration laws and procedures, laws and procedures of other states, and recommended revisions in Iowa laws and procedures presented to the Committee by various groups and individuals since the initial Committee meeting held August 22, 1967. In view of the extensive revisions in present Iowa statutes recommended in this Report, the Committee believes the best approach to presentation of the suggested statutory revisions is to recommend a new chapter which would replace present Chapter 326 of the Code. The Committee also is recommending revisions in the general statutes, chapter 321 of the Code, relating to motor vehicles. House File 1 repeals chapter 326 and enacts the Committee's substitute thereof, while House File 2 contains the Committee's recommendations for revisions in chapter 321.

Much of the present law is retained in edited form under the proposed legislation. The primary sources for the statutory language to implement other recommendations of the Committee have been the Uniform Vehicle Code, the Uniform Vehicle Registration Proration and Reciprocity Agreement, and suggested legislation submitted in the course of the Study by Mrs. Joy Fitzgerald. Recommendations appearing in the Report are cross-referenced with the legislation being introduced in the Sixty-third General Assembly convening in January of 1969 to assist in locating and evaluating each recommendation.

A. Principle of Proration

It has been virtually the unanimous opinion of persons appearing before the Committee and both legislator and advisory Committee members that federal intervention is inevitable unless greater uniformity in the taxation and regulation of interstate vehicles among the states is developed. The Committee believes that interstate motor vehicle taxation and regulation should be retained at the state level. In the opinion of the Committee, the promotion of the principle of proration among the states of registration fees imposed on fleet vehicles engaged in interstate, or combined interstate and intrastate commerce, is the best hope of retaining present taxing and regulatory powers among the states.

It has also been continuously emphasized during the Committee's Study that uniformity of procedures among the Uniform Agreement states must be achieved if the principle of proration is to be extended to all states. Iowa obviously cannot unilaterally implement uniformity of procedures among the Uniform Agreement states. The Committee believes Iowa can, however, establish a precedent concerning the need for strengthening statutory provisions relating to interstate vehicles by the development of equitable proration procedures for both Iowa based carriers and nonresident carriers traveling on Iowa highways. The succeeding recommendations of the Committee are concerned primarily with revisions in Iowa procedures which it is believed will promote the principle of proration among all states.

B. Apportionment of Registration Fees

The Committee recommends that Iowa law be revised to require apportionment of mileage under proration on a total fleet mile rather than compact mile basis. The ultimate solution to solving proration problems is adoption of the same method of proration by all states which would result in identical apportionment of mileage to Iowa under either the compact or total fleet mile method. The Committee believes, however, that Iowa should follow the great majority of Uniform Agreement states by apportioning registration fees on a total fleet mile basis. Adoption of total fleet miles by Iowa will promote greater uniformity among the Uniform Agreement states, which in turn the Committee believes will promote expansion of the principle of proration among all states. (House File 1, Secs. 3(8), 7, 8)

In conjunction with the Committee's recommendation that Iowa apportion on a total fleet mile basis, it is recommended that:

1. Iowa based carriers should be required to apportion 100% of their total fleet mileage including the mileage traveled in nonprorate states under reciprocity obtained by virtue of Iowa registration. The present procedure under which Iowa based carriers are rebilled for reciprocity state mileage should be eliminated, and Iowa carriers should be required to pay a percentage of the Iowa registration fee based on both mileage within Iowa and reciproc-

ity state mileage on the initial billing. This procedure, referred to as the "Gulick Gim-mick", is utilized in the three other states (Kansas, Missouri, and Nebraska) which presently require 100% apportionment of the fleet mileage of carriers base plated in the three respective states. Carriers would continue to be permitted to remit registra-tion fees semi-annually in accordance with present law. (House File 1, Secs. 3(9), 7, 8)

2. Iowa based carriers should be entitled to a refund or credit against registration fees payable the following year if the car-rier is required to apportion a total of more than 100% of his total fleet mileage among states with which Iowa has an ap-portionment agreement. The Committee considers this recommendation essential to assure Iowa carriers that they will not be required to apportion more than 100% of total fleet mileage. The burden of proof that more than 100% of mileage was ap-portioned will be on the carrier, and the carrier should be required to file a verifi-cation report or other evidence that more than 100% of total fleet mileage was ap-portioned. (House File 1, Sec. 16)
3. The present provision in chapter 326 pro-viding for redetermination of proportional registration fees due Iowa, if verification or other reports filed after the original application indicate the carrier did not in fact prorate in accordance with the origi-nal application, should be retained. This provision insures that Iowa will receive all proportional registration fees to which the state is by law entitled. (House File 1, Sec. 17)
4. The definition of the term "base state" appearing in the Uniform Agreement should be incorporated into Iowa law and express provision be made by statute to insure that all bona fide Iowa based ve-hicles will be base plated in Iowa. The Committee believes that the taxation of interstate vehicles can only be retained at the state level if each state insures that interstate vehicles are registered in the proper state. The practice followed by some bona fide Iowa carriers of base plat-ing vehicles in other states to avoid pay-

ment of Iowa registration fees otherwise required would be eliminated under the Committee's proposal. The Committee further recommends that no carrier should be permitted to base plate vehicles in Iowa unless the vehicles are in fact en-titled to such base plate privileges in ac-cordance with the proposed statutory definition. (House File 1, Secs. 3(6), 18)

C. Procedural Changes to Promote Uniformity and Facilitate Administration

The Committee recommends the following changes in Iowa procedures to simplify adminis-tration and promote greater uniformity between Iowa and the other Uniform Agreement states:

1. The uniform application forms for appor-tionment of registration fees which have been developed for use by the states which are parties to the Uniform Agree-ment should, whenever possible, be used by the Iowa Reciprocity Board. The Com-mittee is aware that the uniform forms cannot be utilized in all instances since Iowa by statute and administrative pro-cedure requires the reporting of certain information which is not included in the uniform forms. Other information re-quired to be reported on the uniform forms is not needed by the Iowa Recipro-city Board in processing prorate applica-tions. The Committee believes the proced-ural changes recommended in other parts of this report will facilitate use of the uniform forms by Iowa.
2. Vehicles other than automobiles regis-tered during the first quarter of the reg-istration year should be required to pay or prorate on the basis of the full annual registration fee. Iowa law permits regis-tration for the year beginning January first with no penalty up to February first, but the deadline for display of plates has historically been March fifteenth or later depending upon the workload of the coun-ty treasurers and Iowa Reciprocity Board. The possibility thus exists that a carrier may attempt to operate with registration plates for the previous registration year until the deadline date for display of new plates and then apply under the monthly

deduction of registration fee provisions for a prorated registration fee based on only the remaining months of the registration year. It is difficult and time consuming, particularly in processing non-resident claims, for the Board to determine whether the reduced fee request is legitimate or an attempt to evade payment of the full annual registration fee. The Committee's recommendation will eliminate any possibility of evasion of registration fees during the first quarter, in addition to simplifying administration of proportional registration. (House File 2, Sec. 2)

3. The Iowa Reciprocity Board should issue prorated registration plates rather than the Department of Public Safety. The Committee believes that this recommendation will result in greater administrative efficiency in addition to being more convenient for prorated carriers. It is further recommended that the statutory date before which carriers must file prorated information for the next registration year be changed from September first to November first. It is not possible for carriers to comply with the September first requirement, and the recommended revision will conform with present practices. (House File 1, Secs. 14, 15)
4. Iowa based carriers should continue to be allowed credit on deleted units toward registration fees payable on replacement units, but credit on deleted units of non-resident prorated carriers should only be allowed by Iowa if the carrier's base state also allows such credit. Iowa presently allows credit for all deleted units even though the carrier's base state may not allow such credit. (House File 1, Sec. 13)

D. Declarations of the Extent of Reciprocity

Some states have no legal authority to enter into written reciprocal agreements, and the Iowa Reciprocity Board in the past has informally negotiated arrangements with these states. These informal agreements are of doubtful legal validity, and some states have authorized their respective reciprocity boards or administrators to make declarations of the extent of reciprocity granted vehicles properly registered in jurisdic-

tions which have no authority to enter into formal written reciprocal agreements. The declaration is intended to clarify the extent and nature of exemptions, benefits, and privileges which will be extended by the one state to vehicles properly registered in the other jurisdiction. The Committee recommends that the Iowa Reciprocity Board be authorized to make such declarations regarding vehicles registered in states which have no authority to enter into or do not desire to negotiate formal written reciprocity agreements. (House File 1, Sec. 22)

E. Denial of Reciprocal or Proration Privileges

Section 326.2 of the Code authorizes the Iowa Reciprocity Board to deny a particular non-resident the exemptions granted under the terms of reciprocal or proration agreements negotiated with the nonresident's base state, only if the base state agrees to such denial. The present law is somewhat confusing in that other sections of chapter 326 authorize the Board to deny reciprocal or proration privileges with no reference to obtaining the consent of the base state. Consent of the base state may be difficult to obtain in some instances due to the nonresident's influence in his home state even though the carrier is operating in violation of Iowa law.

The Committee recommends that the Board be authorized to deny a nonresident the exemptions provided by virtue of a negotiated agreement without the consent of the base state if the nonresident is found to be in violation of Iowa registration, proration, or reciprocity laws or the terms of a reciprocal or proration agreement negotiated by the Board with the nonresident's base state. Denial of privileges and exemptions should continue to be made only after due notice and hearing before the Iowa Reciprocity Board in accordance with present law. (House File 1, Secs. 6, 23, 28)

F. Trip Permits for Vehicles Not Entitled to Reciprocal Privileges

Present statutes authorize the issuance of trip permits in lieu of full registration for vehicles leased by prorated carriers which, if operated by the lessor, would be entitled to reciprocal privileges for travel upon Iowa highways. No provision is made, however, for issuance of trip permits to owners of vehicles not entitled to

reciprocity privileges in Iowa, and the only alternatives presently available to owners of vehicles not entitled to reciprocity are either not traveling in Iowa or fully licensing the vehicle at the full Iowa annual registration fee. For example, the State of Illinois permits the licensing of vehicles operated only a few miles each year for fees which are substantially lower than the regular Illinois license plate fee. Iowa, however, does not grant reciprocity to vehicles displaying these plates, and any movement of the vehicle upon Iowa highways would require payment of the full Iowa registration fee in addition to the Illinois mileage plate fee.

The Committee recommends that a trip permit statute be enacted under which owners of vehicles not entitled to reciprocal privileges in Iowa, would be able to operate in interstate commerce on Iowa highways for a 72-hour period. It is recommended that the fee for issuance of such trip permits be \$10 per trip. (House File 1, Sec. 25)

G. Registration Fees on Vehicles and Vehicle Combinations

The Committee recommends that the major registration fee on vehicle combinations be placed on the power unit with a nominal fee on trailers and semitrailers. Study should be made of the adjustments which would be required in registration fees to place the major fee on the power unit and obtain a similar amount of revenue from registration fees imposed on vehicle combinations as is obtained under present law. Upon implementation of the above recommendation, the Committee further recommends that the nominal fee placed on trailers and semitrailers not be subject to proration. Proration of registration fees on trailers and semitrailers is very difficult to adequately enforce, and the costs of administration and enforcement of prorating the nominal fee on trailers and semitrailers would not justify the revenue derived.

The Committee also recommends that no truck or vehicle combination be permitted to be registered at a gross weight which is less than the actual unladen weight of the truck or combination. Vehicles registered for less than the unladen weight cannot legally be operated on highways, and the Committee believes Iowa law should expressly prohibit such registration. (House File 2, Secs. 3-5, 7)

H. Refunds of Registration Fees

The Committee recommends that the present registration fee refund statute be revised to allow refunds of fees in instances where the registered owner of the vehicle may not hold title to the vehicle. Present law provides for refunds of fees on vehicles which are destroyed, wrecked, stolen, or removed from the State, only if the vehicle is both registered and titled in Iowa. This requirement prevents the securing of registration fee refunds by many Iowa carriers who utilize leased units which may be titled in another state. In conjunction with this recommendation, the Committee believes refunds should only be allowed non-Iowa based vehicles if the base state also allows such refund. Many states make no provision for refunds of proportional registration fees paid by prorate carriers, and carriers from these states should not be granted refund privileges by Iowa unless the carrier's base state also allows such refunds. (House File 2, Sec. 6)

I. Additional Statutory Authority or Clarification Needed in Administration of Reciprocity-Proration Laws and Procedures

The Iowa Reciprocity Board under present law lacks express authority to perform many of the functions which are essential to insuring that carriers subject to the Board's jurisdiction are properly registered, and insuring proper administration of the provisions of the Uniform Agreement. Other provisions should be clarified to provide the Board with sufficient statutory authority to carry out present procedures and requirements established administratively by the Board. The following additional provisions are therefore recommended:

1. The Board should be granted specific statutory authority to examine, and under certain circumstances, cancel or revoke proportional registration or reciprocal privileges. (House File 1, Sec. 26)
2. The Board should be authorized to promulgate rules and regulations necessary to administer the present law. Present chapter 326 contains no express provision authorizing the Board to adopt such rules and regulations. (House File 1, Sec. 29)
3. Most Uniform Agreement states, including Iowa, prohibit by statute or administrative rule proration of individual ve-

hicles, and require registration of the same vehicles in a fleet which is to be prorated among two or more Uniform Agreement states. The Committee recommends that a statute to confirm the Board's authority regarding the above two practices be enacted. (House File 1, Sec. 10)

4. The procedure currently used by the Board for estimating fleet mileage of carriers on the initial application to prorate registration fees with Iowa should be specified by statute. (House File 1, Sec. 9)
5. The formula for computing registration fees due on vehicles added to the fleet after commencement of the registration year should be clarified to conform with the Uniform Agreement, and the time allowed for filing supplemental applications for additions to the fleet should be reduced from thirty to ten days. The Committee believes the proposed ten-day period is sufficient for filing supplemental applications, and specification by statute of the formula outlined in the Uniform Agreement for adding new units to the fleet will confirm present administrative procedures. (House File 1, Sec. 12)
6. A single section providing for disposition of fees collected under the entire chapter should replace references to disposition of fees appearing in separate sections of present chapter 326. (House File 1, Sec. 31)
7. A penalty clause providing that any violation of the proposed new chapter is a misdemeanor, punishable by a maximum fine of \$100 or thirty days in the county jail, unless such act is declared under Iowa law to be a felony should be enacted. Present chapter 326 contains no penalty clause. The penalty would be in addition to the Board's authority to deny the vehicle reciprocal or proration privileges. (House File 1, Sec. 28)
8. The Board should be authorized to prescribe and provide forms required in the administration of reciprocity-proration. The Board has no such specific authority under present law. (House File 1, Sec. 27)
9. A savings clause which would expressly provide that the provisions of the reci-

procity-proration chapter are severable if any part of the chapter is declared unconstitutional or void by the courts should be incorporated into the new chapter. (House File 1, Sec. 32)

J. Present Motor Carrier Reporting Procedures

Interstate motor carriers are presently required to file reports and carry in each vehicle evidence of compliance with the separate requirements of the Iowa Reciprocity Board, Iowa Commerce Commission, Department of Revenue, and Department of Public Safety. Much of the information required by each agency is identical to the requirements of other agencies, and a single cab card indicating compliance with the requirements of each agency would be more convenient to the carriers in addition to assisting in the enforcement of the regulations of each agency. At least one state, Washington, issues a single cab card. The Washington cab card includes evidence of compliance by the carrier with proration, motor fuel, public utility, and highway department regulations.

The Committee recommends enactment of legislation to provide for a single cab card indicating compliance with the separate requirements of the above four state agencies. Under the Committee's proposal, each participating state agency would convey a "certificate of compliance" to the Executive Secretary of the Iowa Reciprocity Board upon compliance by a carrier with the requirements of that agency. Upon receipt of the certificate of compliance from all the agencies, the Executive Secretary would issue a single cab card for a one-year period. The four participating agencies would jointly prepare the rules and regulations to implement the proposed single cab card. The card should be revoked upon withdrawal of the certificate of compliance by any one of the four participating agencies. (House File 3)

K. Revisions Suggested but Not Considered to be Within the Scope of House Joint Resolution 23 Establishing the Study

Information presented to the Committee in the course of the study indicates that many areas of motor carrier taxation and regulation should be reviewed for the purpose of determining whether revision is necessary. Although these suggestions are not within the scope of the study,

it is the belief of the Committee that these problems should be pointed out to the Legislative Research Committee and the members of the General Assembly. The Interstate Truck Rate Reciprocity Procedures Study Committee recommends that the Legislative Research Committee appoint appropriate study committees to undertake in depth studies and develop recommendations designed to solve or alleviate the following problem areas:

1. Commercial motor vehicle requirements of each state should be more uniform, to facilitate movement of vehicles in interstate commerce. Specific areas mentioned in the study have been the differences in size, weight, and load statutes; fuel tax procedures; and operating authority requirements between states.
2. The Iowa motor vehicle tax structure should be reviewed for the purpose of determining the equity of the present relationship between total taxes and fees imposed on the different types of motor vehicles, and the costs of constructing and maintaining highways allocable to these vehicles.
3. The adequacy of present enforcement of reciprocity-proration, size, weight, and load statutes by Highway Commission weight officers should be reviewed. Specific suggestions have been:
 - a. Present enforcement within municipalities may be inadequate since Highway Commission weight officers enter municipalities only upon request of the governing body. Enforcement of the statutory requirements on "piggyback" trailers appears to be a particularly difficult problem.
 - b. Overlength, double bottom combinations have been reported to be operating in some Iowa border cities.
 - c. The enforcement of all motor carrier regulations should be consolidated under a single agency. Present agencies involved in motor carrier regulation are the Highway Commission, Motor Fuel Tax Division, Commerce Commission, and the Department of Public Safety.
4. Present total gross and axle weight statutory maximums should be applicable to government-owned vehicles to eliminate the practice of vehicles being operated on Iowa highways at weights in excess of the maximum weights allowed for privately owned vehicles. Some privately owned vehicles making deliveries to at least one State agency, the Iowa Liquor Control Commission, are also reportedly far in excess of statutory weight maximums.
5. Nonresident vehicles apprehended for improper registration should be subject to the same penalty as resident vehicles, i.e., the owner must pay all additional registration fees due from the time of apprehension to the time when the vehicle was legally registered.
6. The present exemption from the 3% Iowa Use Tax of new motor vehicles registered in Iowa, but used exclusively in interstate commerce should be reviewed. Payment of the Use Tax for newly registered vehicles used in intrastate commerce is a prerequisite to vehicle registration.
7. Although unilateral action on the part of Iowa would not be practical, consideration should be given to having the base state or a central authority collect registration fees due on interstate fleets and allocate the amounts due each prorate state on the basis of the mileage formula of that state.
8. The great majority of interstate carriers utilize diesel fuel, and consideration should be given to imposition of a mileage tax in lieu of diesel fuel taxes for more efficient administration and greater convenience to interstate carriers. The feasibility of unilateral action by a state in this area is questionable, and this proposal is jointly being considered by several midwestern states.
9. Consideration should be given to adoption of the suggested Uniform State Motor Fuel Tax Act developed by the Eastern Regional Commercial Vehicle Tax Committee. This Act provides for apportionment of motor fuel taxes on interstate vehicles among the states on the basis of in-state as a percentage of total fleet mileage. Proration of registration fees might also be combined with the payment of fuel taxes so that the carrier would file a single report and pay both fees at the same time.