

increase that is built into the budget. With that again, I rise in support of the amendment.

SPEAKER WITHEM: Senator Kristensen, followed by Senator Schrock, Wehrbein and Maurstad.

SENATOR KRISTENSEN: Thank you, Mr. Speaker, members of the Legislature, I want to visit briefly with you about the variable tax rate and why that's there and why Senator Hall's suggestion about raising the fixed rate doesn't work. Realize that if you raise the fixed rate of the fuel tax which right now there is, as we call the 12.5 cents, that at least on 10.5 cents of that we're sharing that, half of it goes to, 53 and a third of it goes to the state. Okay? The other 23 and a third goes to the counties, another 23 and a third goes to the cities. So if you're concerned about keeping the state highway system intact, you're going to have to have more than a double rate or about a double rate of the fixed rate than you would the variable rate because you're going to have to share that with the cities and the counties. The other part is that the variable tax is designed to keep stability in the fund. There is a fixed dollar that the Appropriations Committee has got out here that said, look, this is the amount of dollars that Roads has the ability to plan for. Now things can change through the summer, less fuel used, the price of fuel goes up, the converse happens, people drive less. People drive less, they purchase less fuel, they purchase less fuel, less tax, then you get caught in a bind and that's where the instability comes. You can't gauge what all those fluctuations are. That's the reason the variable fluctuates each quarter is to give us stability. It actually goes down some quarters because there is more tax collected. The rate the next quarter goes down to make that adjustment. And so the variable is in there for a very important reason, it adds stability and that the fixed rate, of course, is designed to help out the cities and the counties and that they're getting, they're not on the basis as large a construction projects. For them they have lags in time where they may be paying all sorts of other bonds and so on. Who knows what they may use with their money and how they choose to do it. But if you're talking about stability for a statewide project, that variable is absolutely necessary. The other point that is important to know is that we do revisit the highway plan every year. In December the Appropriations Committee and the Transportation Committee has the annual hearing where the Department of Roads comes in and we revisit about where we're at