

REVENUE: Revenue statement issued

FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	7 - 0 - 0
Yeas:	Bentz, Buckley, Gilman, Read, Smith G., Tomei, Beyer
Nays:	0
Exc.:	0
Prepared By:	Patrick Brennan, Administrator
Meeting Dates:	2/18, 2/19

WHAT THE MEASURE DOES: Requires issue of cardlock cards to provide the Department of Transportation with fuel tax information and to collect and remit fuel taxes when cardlock card holders purchase fuel at a retail facility that has an attended portion equipped with a cardlock card reader. Allows retail, nonretail and wholesale dealers to sell gasoline unblended with ethanol for use in motor vehicles designed for off-road use and for tools.

ISSUES DISCUSSED:

- Cardlock facility tax documentation
- House Bill 2210 (2007) ethanol fuel blending requirements
- Effect of fuel containing ethanol on some types of vehicles and equipment
- Fuel distribution systems

EFFECT OF COMMITTEE AMENDMENT: Revises definitions of “domestic customer” and “foreign customer.” Clarifies that the purchaser, rather than the card issuer, is responsible for certifying that the use of the fuel is exempt from tax, and clarifies that the certification is made to the seller, rather than to the department. Makes grammatical changes for formatting purposes. Clarifies and expands list of exemptions for ethanol blended gasoline requirements.

BACKGROUND: Under current law, a retail station selling diesel fuel must determine the buyers’ tax status, which requires an attendant to be present to ensure that the diesel tax is collected from buyers who are not exempt from the tax or who do not have a tax account with the Oregon Department of Transportation (ODOT).

An exception exists for “cardlock facilities”, where a cardlock issuer, rather than an attendant, determines the cardholder’s tax status and collects the tax as appropriate. Under current law, cardlock facilities must be certified by the State Fire Marshal. The Fire Marshal’s statutory definition of cardlock does not include unattended diesel-only facilities, yet it is the definition that was incorporated in to the Fuel Tax Laws, meaning that unattended diesel facilities cannot be considered by ODOT as cardlocks for diesel tax collection purposes. This means that ODOT must require cardlock facilities to provide the same sales and tax documentation as are required for attended retail stations. This is true even when a retail station is equipped with a cardlock reader that is capable of obtaining the tax information from the buyer. In either case, there is an increased likelihood that the incorrect amount of tax will be collected and remitted to the state.

Senate Bill 1079-B creates definitions of “cardlock card”, “domestic customer”, “foreign customer”, and “nonretail facility” within ORS 319 to provide specific and distinct definitions for purposes of fuel tax laws. The measure defines the criteria to ensure a cardlock card issuer is able to provide ODOT with sufficient information to allow the department to audit sellers’ fuel tax reports. Senate Bill 1079-B also provides exemptions from ethanol blend requirements for fuel sold for certain non-road uses, including airplanes, water craft, Class I and Class III off-road vehicles, antique vehicles, racing vehicles, snowmobiles, and tools.

2/20/2008 4:46:00 PM

This summary has not been adopted or officially endorsed by action of the committee.