

HB 2196 – Biodiesel fuel tax exemption

Rep. Jules Bailey

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Biodiesel made from **used cooking oil** has several advantages over fuels made from sources of virgin food oils, such as soybeans or canola:

- Creates a market for food oil waste, which restaurants would otherwise pay to dispose of.
- Supports an Oregon industry – the used cooking oil product chain utilizes local suppliers and local industries to process this product
- Avoids one of the most negative impacts of biodiesel – the increase in food commodity prices
- Is better for the environment – used cooking oil biodiesel use has a significantly lower CO2 footprint than even other biodiesel

HB 2196 simply exempts blends of diesel containing 20% or more used cooking oil from the diesel tax. It limits this exemption to vehicles weighing 10,000lbs or less (light passenger vehicles, not trucks) and it **sunsetts the entire exemption after 6 years.**

- The intent of the bill is **create a stronger market for biodiesel made from used cooking oil** in Oregon, and to stimulate expanded production so that the used cooking oil industry can play a larger role in meeting biodiesel mandates.
- The intent of the bill is **not** to induce greater consumption of biodiesel overall, though that may happen.

Currently, there are very few locations that offer blends of biodiesel at 20% or above, and even fewer that offer these blends made from used cooking oil. The expected result of this bill is that **stations that already offer those blends will likely choose to offer those same blends made from used cooking oil.**

Although biodiesel is currently less expensive based on the global oil market, not all biofuels are created equal. Biofuels made from virgin food oils require farm space and labor, which increases the price of food as the land and crop is not used for consumption. Instead, used cooking oil is a reclaimed substance that would otherwise be considered waste and has no impact on the price and availability of food.

There will be a loss of revenue to the highway trust fund from the exemption, however, because there are few light vehicles that run on these blends, and because there are few stations that sell the blend, the revenue impact is expected to be small.