

**REVENUE IMPACT OF
PROPOSED LEGISLATION
Seventy-Sixth Oregon Legislative
Assembly, 2011 Regular Session
Legislative Revenue Office**

**Bill Number: HB 2196 - A
Revenue Area: Fuel Taxes
Economist: Mazen Malik
Date: 4/22/2011**

Measure Description:

Creates an exemption from the fuel tax for diesel fuel blended with a minimum of 20 percent biodiesel derived from used cooking-oil. Does not apply to fuel used in motor vehicles with a gross vehicle weight rating of at least 10,000 pounds. Applies from January 1, 2012 to January 2, 2018.

Revenue Impact:

The exemption would likely result in a revenue loss of \$560,000 per year from the amount of fuel tax collected by ODOT. This annual highway fund revenue decrease will continue until the bill sunsets on 2018.

Impact Explanation:

The diesel fuel is taxed at 30 cents per gallon when it is used in vehicles that don't pay the weight mile tax. This will exempt the diesel fuel, blended with used cooking oil at the 20%, from fuel taxes. The level of blending of 20% might pose some limits to the expansion and use of this type of blended diesel fuel. At this time the assumption of the cold gelling and the limited quantity of cooking oil as well as the engines ability to receive this type of fuel will imposes limitation and a cap on the amount of cooking oil blended diesel. The maximum estimate for this time is about two million gallons of biodiesel per year. Level and impact on revenue will be further examined as the bill sunsets on January of 2018.

Creates, Extends, or Expands Tax Expenditure: Yes No

A tax expenditure to encourage the conversion of used cooking oil to use-fuel.