

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
Seventy-Seventh Oregon Legislative Assembly  
2013 Regular Session  
Legislative Revenue Office

Bill Number: HB2435-A  
Revenue Area: Use-Fuel Tax  
Economist: Mazen Malik  
Date: 05/1/2013

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

**Measure Description:** Exempts diesel fuel blended with at least 20 percent biodiesel derived from used cooking oil from fuel excise tax. Exemption does not apply to fuel used in motor vehicles with gross vehicle weight of 26,001 pounds or more. Applies to fuel sold after January 1, 2014 and before January 1, 2020.

**Revenue Impact (millions):**

The exemption would result in a revenue loss from the amount of fuel tax collected by ODOT.

	State	Counties	Cities	Total
2013-15	(1.40)	(0.61)	(0.40)	(2.41)
2015-17	(1.90)	(0.83)	(0.55)	(3.28)
2017-19	(1.95)	(0.85)	(0.56)	(3.36)
2019-21	(1.50)	(0.65)	(0.43)	(2.58)

**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 20% used cooking oil, from fuel taxes.

The base year estimates show 1.7 million gallons (\$516,500) of B20 (cooking oil) blended fuel for the vehicles less than 10,000 lbs. in weight, and 3.5 million gallons (\$1.1 million) by the medium heavy vehicles. The 22,000-26,000 lbs. class contributes more than 1.6 million gallons (close to 50% of the heavy class).

**Creates, Extends, or Expands Tax Expenditure:** Yes  No

A tax expenditure to encourage the conversion of used cooking oil to use-fuel. 67.2% will come from Heavy vehicles (10,000 to 26,000 lb.), while basic vehicles will shoulder 32.8%.