



**RESOLUTION NO. 1-2013  
OREGON AVIATION INDUSTRIES (ORAVI)**

**A RESOLUTION OF THE BOARD OF DIRECTORS SUPPORTING  
HOUSE BILL 2766, WHICH INCREASES AVIATION AND JET FUEL TAX**

**Whereas**, the Oregon Department of Aviation is funded, in part, by aviation and jet fuel tax. Current funding is not adequate to support the normal and necessary activities of the Department.

**Whereas**, the current level of fuel tax of \$.09 for aviation fuel (AVGAS) and \$.01 for jet fuel has not changed since established in 1999 when it was raised from ½ cent to fund the statewide Pavement Maintenance Program (PMP). These are the lowest fuel tax rates of the 7 western states, see attached.

**Whereas**, HB 2766 provides a critical funding mechanism to support economic development statewide by supporting capital projects and necessary infrastructure improvements at Oregon airports.

**Whereas**, HB 2766 will increase fuel tax by \$.02 for aviation fuel and \$.02 for jet fuel, generating an estimated \$6.4 million in additional revenue to fund aviation programs in Oregon.

**NOW THEREFORE BY IT RESOLVED**, The Board of Directors of Oregon Aviation Industries (ORAVI) recommends that The Oregon Legislature Pass House Bill 2766, which increases aviation and jet fuel tax.

**Findings:**

1. There are currently 97 public use airports in Oregon.
2. Properly funded and maintained airports create jobs through aviation related businesses located on and off local airports.

**Lack of proper funding will result in further deterioration of runways and support infrastructure at several Oregon airports, putting them at risk of closure.**

3. The proposed increase in Aviation Fuel and Jet Fuel tax will provide needed funding for ODA:
  - 40% of new revenue will be used as matching funds for federally funded airports FAA grants, which are now funded at 90% of total project costs, requiring a 10% local match (instead of 5% in prior years);
  - 22% Financial Aid to Municipalities (up to 50 - \$25,000 grants/year/airport);
  - 35% ODA Airport Maintenance; and
  - 3% Oregon Emergency Management to support Air Search & Rescue.
4. Business Oregon has initially identified 450 Aviation related businesses registered and operating in Oregon. These companies are located in 78 cities throughout Oregon, which represents nearly one third of all incorporated cities.

Key Points to Consider:

In order to prevent the State of Oregon's rural communities from further decline of employment due to the deterioration or closure of airports, \$6.4 million can efficiently be raised through a slight increase of the aviation fuel and jet fuel tax rates. A mere 2 cent increase in each will accomplish this. Neglecting this fact will inevitably increase the rate of unemployment in several communities because a substantial amount of jobs will be affected if HB 2766 is not passed. HB 2766 supports the hard work our governor, state legislators, and communities have been doing to maintain employment during hard economic times.

The support of HB2766 by both ORAVI and the Oregon Pilots Association, shows that Oregon's aviation businesses and Oregon's pilots are strongly in support of this bill.

To the Oregon Legislature we say: please trust our due diligence and raise the aviation fuel and jet fuel taxes by the minuscule fraction of 2 pennies, to increase capital projects, which will increase statewide economic development, and ensure more jobs continue to flourish in our communities.

Adopted by the Board of Directors by a 7-0 vote, this 27<sup>th</sup> Day of February 2013.

Attest:

Arnon Faegn, President