

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

Bill Number:	HB 3227
Revenue Area:	Fuel Taxes
Economist:	Mazen Malik
Date:	04/08/2013

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

Measure Description:

Allows person that uses natural gas or propane in motor vehicle to pay annual special use fuel license fee in lieu of per-gallon tax.

Revenue Impact (in \$Millions):

The measure changes the method of taxation for vehicles using alternative fuel. This statement is issued to facilitate the prior referral to the ways and means committee.

Impact Explanation:

This measure will allow an owner of a vehicle propelled by alternative fuel to annually purchase a decal in lieu of paying the motor fuel tax at the pump. The decal fees are based in part on the vehicle's weight. For instance, a light duty vehicle that weighs between 0-10,000 pounds would pay a decal fee of \$120.00. 10,001-18,000 pounds pays \$180, and at the upper range 36,001 and above pays \$480. The different payment options are based on the weight of the vehicle. Oregon constitution requires vehicles to pay in proportion to the costs they affect on the roads, and insures that the payments are fair and proportional between heavy and light. The impact of this measure will be examined further as it moves to joint committee on ways and Means.

Creates, Extends, or Expands Tax Expenditure: Yes No

There might be tax expenditure if the flat fee revenue is not equivalent (neutral) to the amounts currently raised by the existing tax rate. The distribution of the tax expenditure between light and heavy vehicles is also not clear yet. The policy objective of this measure swill be incentivizing companies to convert their vehicles to run on alternative fuel.

Further Analysis Required