

**REVENUE:** Revenue statement issued

**FISCAL:** Minimal fiscal impact, no statement issued

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<b>Action:</b>	Do Pass as Amended, Be Printed Engrossed and Be Referred to the Committee on Ways and Means by Prior Reference
<b>Vote:</b>	9 - 0 - 1
<b>Yeas:</b>	Bentz, Cameron, Davis, Doherty, Gorsek, Lively, Nathanson, Parrish, Read
<b>Nays:</b>	0
<b>Exc.:</b>	McKeown
<b>Prepared By:</b>	Troy Rayburn, Administrator
<b>Meeting Dates:</b>	4/10

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**WHAT THE MEASURE DOES:** Allows person that uses natural gas or propane in motor vehicle to pay annual use fuel license fee in lieu of per-gallon tax. Sets fee schedule for natural gas or propane consumption. Takes effect on 91<sup>st</sup> day following adjournment sine die.

**ISSUES DISCUSSED:**

- Introduction of measure and overview of -1 amendments
- Ease of use or convenience to consumer of propane
- Alternative fuel
- How fees are set and role of Fuel Tax Group and Oregon Department of Transportation's economist
- Goal is to encourage more people to use propane / alternative fuel
- Amount of economic savings
- Decrease reliance of foreign oil
- How federal tax is paid
- Relationship to Highway Trust Fund

**EFFECT OF COMMITTEE AMENDMENT:** The -1 amendment sets fee schedule for natural gas or propane consumption and allows consumer to use special use fuel license in lieu of paying per-gallon tax.

**BACKGROUND:** House Bill 3227 A 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 less than 10,000 pounds would pay a decal fee of \$120.00. Oregon's neighboring states -- California, Washington, and Idaho -- have had a fuel decal program in place since the mid-1970s. The result has been a positive effect in incentivizing companies to convert their vehicles to run on alternative fuel.