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 amounts 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 measure will exempt from fuel taxes the diesel fuel that has been blended with 20% used cooking oil.

The base year estimates shows 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) used by the medium heavy vehicles. The 22,000-26,000 lbs class in particular contributes more than 1.6 million gallons (close to 50% of the heavy class). This impact is reflective of about 1 million gallons of cooking-oil-diesel blended with about 4 gallons of regular diesel.

Creates, Extends, or Expands Tax Expenditure: Yes ☒ No ☐

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

67.2% of the tax expenditure will come from Heavy vehicles (10,000 to 26,000 lb.), while basic vehicles contributions will be 32.8%.