

REVENUE: Minimal revenue impact, no statement issued

FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	9 - 0 - 1
Yeas:	Bentz, Cameron, Davis, Doherty, Gorsek, Lively, McKeown, Parrish, Read
Nays:	0
Exc.:	Nathanson
Prepared By:	Patrick Brennan, Administrator
Meeting Dates:	2/5

WHAT THE MEASURE DOES: Allows a person who uses natural gas or propane as fuel in a motor vehicle to pay an annual special use license fee in lieu of a per-gallon tax. Takes effect July 1, 2015.

ISSUES DISCUSSED:

- Current system is a barrier to propane use in vehicles in Oregon
- Potential long-term solutions to highway funding
- United States has lower rates of alternate fuel vehicle use than many other countries
- Potential to reduce greenhouse gas emissions by transitioning to propane and natural gas for vehicle use

EFFECT OF COMMITTEE AMENDMENT: Specifies effective date of July 1, 2015.

BACKGROUND: Under current law, motor vehicle users pay taxes on the fuel they use in their vehicle, be it gasoline, diesel, propane, compressed natural gas, or biodiesel fuel. The tax is paid at the pump when the fuel is purchased. Motor fuels are taxed at a rate of 30 cents per gallon. The same is true for vehicles that run on propane or compressed natural gasoline (CNG); however, because these fuels are dispensed in gaseous form, it is necessary to convert the amount of propane and CNG to a figure that is equal to a gallon of liquid fuel. For propane, this is calculated by dividing taxable gallons by 1.3; for CNG, it is calculated by dividing taxable gallons by 1.2. While all commercial fueling stations are set up to collect motor fuel taxes, not all commercial fueling stations that carry propane or CNG for non-roadway uses sell those fuels for use in vehicles due to the complexity of calculating and collecting the use fuel tax. As a result, fueling options are limited for owners of vehicles that use these fuels.

House Bill 4131-A allows an owner of a vehicle that utilizes propane or CNG to annually purchase a decal in lieu of paying the use fuel tax at the pump. The fee for the decal is based primarily on the weight of the vehicle. Persons with such a decal would be able to fuel their vehicle at any commercial fueling station that dispenses propane and/or CNG. The measure creates a program similar to those that have existed in California, Washington and Idaho since the 1970s.