

Federal Grant Application Request

Department of Transportation

Fuel Tax Evasion

Analyst: Julie Neburka

Request: Approve the submission of a federal grant application to the U.S. Federal Highway Administration (FHWA) in the amount of \$250,000 for the FY 2015 Funding for Fuel Tax Evasion – Intergovernmental Enforcement Effort program.

Recommendation: Approve the request.

Analysis: The most recent federal highway funding program, the *Moving Ahead for Progress in the 21st Century Act* (MAP-21) made funds available for projects that enhance compliance with motor fuel and highway use taxes. Of those funds, \$2 million is set aside each year for intergovernmental enforcement efforts to identify and reduce fuel tax evasion. Applicants are encouraged to submit innovative proposals to reduce fuel tax evasion and increase collaboration and coordination among several public agencies, including federal agencies.

The Oregon Department of Transportation (ODOT) requests approval to submit a federal grant application to the US Federal Highway Administration for \$250,000. This grant would fund the following programs and projects associated with the implementation of the agency's new Fuels Tax System:

- Payment of maintenance and enhancement fees for ODOT's new Fuels Tax System, the agency's on-line tax reporting and fuel tracking system. This new system will allow improved tracking of motor fuel that has been sold in, imported into, or exported from Oregon.
- Sponsorship and leadership of a multi-agency/industry Fuels Tax Advisory Committee. The committee will allow several state agencies to improve communication and cooperation with the fuel industry.
- Continue membership in the Federation of Tax Administrators, Motor Fuel Tax Section. This will allow the Fuels Tax Group to better facilitate coordination with other states regarding fuel movement, and for various training and research opportunities.
- Reporting to FHWA on the sale of motor and diesel fuels on Tribal lands and the collection of associated taxes; the inventory of fuel stations on Tribal lands that sell motor and diesel fuel for non-motor carrier purposes; and a summary of outreach and the frequency of outreach to Tribes to establish state tax refund agreements for fuel that is used for Tribal governmental purposes.

There is no match requirement for this two-year grant. The grant application is due on July 17, 2015.

The Legislative Fiscal Office recommends approval of the request. If the grant is awarded, ODOT may return to the Legislature with a future request for additional Federal Funds expenditure limitation.