

A-Engrossed
House Bill 2075

Ordered by the House May 28
Including House Amendments dated May 28

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Increases aircraft fuel taxes. **Sunsets increase on January 1, 2022.**

Directs revenue generated by increase in [*tax rate*] **taxes** to be [*used*] **distributed** for [*certain*] purposes related to [*air service and*] airport maintenance[,], **emergency preparedness, services critical or essential to aviation, aviation-related business development, airport development for local economic benefit, commercial air service to rural Oregon, airport safety improvements and infrastructure projects at public use airports. Requires applicants for distributions to demonstrate commitment to contribute at least five percent of project costs. Requires Oregon Transportation Commission to establish review committee to review and recommend applications for distributions to State Aviation Board. Requires board to select applications according to specified priority. [*Authorizes Oregon Department of Aviation to retain portion of funds for management expenses of department.*] Appropriates five percent of revenue generated by increase in taxes to Oregon Department of Aviation for administrative costs of department and board with respect to distributions.**

Requires board to submit biannual reports to Legislative Assembly describing in detail applications for distributions and progress of approved projects.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to aircraft fuel; creating new provisions; amending ORS 319.020 and 319.330; prescribing
3 an effective date; and providing for revenue raising that requires approval by a three-fifths ma-
4 jority.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1.** ORS 319.020 is amended to read:

7 319.020. (1) Subject to subsections (2) to (4) of this section, in addition to the taxes otherwise
8 provided for by law, every dealer engaging in the dealer's own name, or in the name of others, in
9 the first sale, use or distribution of motor vehicle fuel or aircraft fuel or withdrawal of motor vehicle
10 fuel or aircraft fuel for sale, use or distribution within areas in this state within which the state
11 lacks the power to tax the sale, use or distribution of motor vehicle fuel or aircraft fuel, shall:

12 (a) Not later than the 25th day of each calendar month, render a statement to the Department
13 of Transportation of all motor vehicle fuel or aircraft fuel sold, used, distributed or so withdrawn
14 by the dealer in the State of Oregon as well as all such fuel sold, used or distributed in this state
15 by a purchaser thereof upon which sale, use or distribution the dealer has assumed liability for the
16 applicable license tax during the preceding calendar month. The dealer shall render the statement
17 to the department in the manner provided by the department by rule.

18 (b) Except as provided in ORS 319.270, pay a license tax computed on the basis of 30 cents per
19 gallon on the first sale, use or distribution of such motor vehicle fuel or aircraft fuel so sold, used,

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 distributed or withdrawn as shown by such statement in the manner and within the time provided
2 in ORS 319.010 to 319.430.

3 (2) When aircraft fuel is sold, used or distributed by a dealer, the license tax shall be computed
4 on the basis of *[nine]* **11** cents per gallon of fuel so sold, used or distributed, except that when air-
5 craft fuel usable in aircraft operated by turbine engines (turbo-prop or jet) is sold, used or distrib-
6 uted, the tax rate shall be *[one cent]* **three cents** per gallon.

7 (3) In lieu of claiming refund of the tax paid on motor vehicle fuel consumed by such dealer in
8 nonhighway use as provided in ORS 319.280, 319.290 and 319.320, or of any prior erroneous payment
9 of license tax made to the state by such dealer, the dealer may show such motor vehicle fuel as a
10 credit or deduction on the monthly statement and payment of tax.

11 (4) The license tax computed on the basis of the sale, use, distribution or withdrawal of motor
12 vehicle or aircraft fuel may not be imposed wherever such tax is prohibited by the Constitution or
13 laws of the United States with respect to such tax.

14 **SECTION 2.** ORS 319.330 is amended to read:

15 319.330. (1) Whenever any statement and invoices are presented to the Department of Trans-
16 portation showing that motor vehicle fuel or aircraft fuel has been purchased and used in operating
17 aircraft engines and upon which the full tax for motor vehicle fuel has been paid, the department
18 shall refund the tax paid, but only after deducting from the tax paid *[nine]* **11** cents for each gallon
19 of such fuel so purchased and used, except that when such fuel is used in operating aircraft turbine
20 engines (turbo-prop or jet) the deduction shall be *[one cent]* **three cents** for each gallon. No de-
21 duction provided under this subsection shall be made on claims presented by the United States or
22 on claims presented where a satisfactory showing has been made to the department that such air-
23 craft fuel has been used solely in aircraft operations from a point within the State of Oregon directly
24 to a point not within any state of the United States. The amount so deducted shall be paid on war-
25 rant of the Oregon Department of Administrative Services to the State Treasurer, who shall credit
26 the amount to the State Aviation Account for the purpose of carrying out the provisions of the state
27 aviation law. Moneys credited to the account under this section are continuously appropriated to
28 the Oregon Department of Aviation.

29 (2) If satisfactory evidence is presented to the Department of Transportation showing that air-
30 craft fuel upon which the tax has been paid has been purchased and used solely in aircraft oper-
31 ations from a point within the State of Oregon directly to a point not within any state of the United
32 States, the department shall refund the tax paid.

33 **SECTION 3.** (1) **The amendments to ORS 319.020 by section 1 of this 2015 Act apply to**
34 **aircraft fuel sold, used or distributed on or after January 1, 2016, and before January 1, 2022.**

35 **(2) The amendments to ORS 319.330 by section 2 of this 2015 Act apply to fuel purchased**
36 **and used in operating aircraft engines on or after January 1, 2016, and before January 1, 2022.**

37 **SECTION 4.** ORS 319.020, as amended by section 1 of this 2015 Act, is amended to read:

38 319.020. (1) Subject to subsections (2) to (4) of this section, in addition to the taxes otherwise
39 provided for by law, every dealer engaging in the dealer's own name, or in the name of others, in
40 the first sale, use or distribution of motor vehicle fuel or aircraft fuel or withdrawal of motor vehicle
41 fuel or aircraft fuel for sale, use or distribution within areas in this state within which the state
42 lacks the power to tax the sale, use or distribution of motor vehicle fuel or aircraft fuel, shall:

43 (a) Not later than the 25th day of each calendar month, render a statement to the Department
44 of Transportation of all motor vehicle fuel or aircraft fuel sold, used, distributed or so withdrawn
45 by the dealer in the State of Oregon as well as all such fuel sold, used or distributed in this state

1 by a purchaser thereof upon which sale, use or distribution the dealer has assumed liability for the
 2 applicable license tax during the preceding calendar month. The dealer shall render the statement
 3 to the department in the manner provided by the department by rule.

4 (b) Except as provided in ORS 319.270, pay a license tax computed on the basis of 30 cents per
 5 gallon on the first sale, use or distribution of such motor vehicle fuel or aircraft fuel so sold, used,
 6 distributed or withdrawn as shown by such statement in the manner and within the time provided
 7 in ORS 319.010 to 319.430.

8 (2) When aircraft fuel is sold, used or distributed by a dealer, the license tax shall be computed
 9 on the basis of [11] **nine** cents per gallon of fuel so sold, used or distributed, except that when air-
 10 craft fuel usable in aircraft operated by turbine engines (turbo-prop or jet) is sold, used or distrib-
 11 uted, the tax rate shall be [three cents] **one cent** per gallon.

12 (3) In lieu of claiming refund of the tax paid on motor vehicle fuel consumed by such dealer in
 13 nonhighway use as provided in ORS 319.280, 319.290 and 319.320, or of any prior erroneous payment
 14 of license tax made to the state by such dealer, the dealer may show such motor vehicle fuel as a
 15 credit or deduction on the monthly statement and payment of tax.

16 (4) The license tax computed on the basis of the sale, use, distribution or withdrawal of motor
 17 vehicle or aircraft fuel may not be imposed wherever such tax is prohibited by the Constitution or
 18 laws of the United States with respect to such tax.

19 **SECTION 5.** ORS 319.330, as amended by section 2 of this 2015 Act, is amended to read:

20 319.330. (1) Whenever any statement and invoices are presented to the Department of Trans-
 21 portation showing that motor vehicle fuel or aircraft fuel has been purchased and used in operating
 22 aircraft engines and upon which the full tax for motor vehicle fuel has been paid, the department
 23 shall refund the tax paid, but only after deducting from the tax paid [11] **nine** cents for each gallon
 24 of such fuel so purchased and used, except that when such fuel is used in operating aircraft turbine
 25 engines (turbo-prop or jet) the deduction shall be [three cents] **one cent** for each gallon. No de-
 26 duction provided under this subsection shall be made on claims presented by the United States or
 27 on claims presented where a satisfactory showing has been made to the department that such air-
 28 craft fuel has been used solely in aircraft operations from a point within the State of Oregon directly
 29 to a point not within any state of the United States. The amount so deducted shall be paid on war-
 30 rant of the Oregon Department of Administrative Services to the State Treasurer, who shall credit
 31 the amount to the State Aviation Account for the purpose of carrying out the provisions of the state
 32 aviation law. Moneys credited to the account under this section are continuously appropriated to
 33 the Oregon Department of Aviation.

34 (2) If satisfactory evidence is presented to the Department of Transportation showing that air-
 35 craft fuel upon which the tax has been paid has been purchased and used solely in aircraft oper-
 36 ations from a point within the State of Oregon directly to a point not within any state of the United
 37 States, the department shall refund the tax paid.

38 **SECTION 6.** (1) **The amendments to ORS 319.020 by section 4 of this 2015 Act apply to**
 39 **aircraft fuel sold, used or distributed on or after January 1, 2022.**

40 **(2) The amendments to ORS 319.330 by section 5 of this 2015 Act apply to fuel purchased**
 41 **and used in operating aircraft engines on or after January 1, 2022.**

42 **SECTION 7.** (1) **The following amounts shall be distributed in the manner prescribed in**
 43 **this section:**

44 **(a) Any amount of tax on aircraft fuel usable in aircraft operated by turbine engines that**
 45 **is computed on a basis in excess of one cent per gallon and any amount of tax on all other**

1 aircraft fuel that is computed on a basis in excess of nine cents per gallon, under ORS 319.020
2 (2); and

3 (b) Any amount of tax on aircraft fuel usable in aircraft operated by turbine engines in
4 excess of one cent per gallon and any amount of tax on all other aircraft fuel in excess of
5 nine cents per gallon, that is deducted before the refunding of tax under ORS 319.330 (1).

6 (2) Applications for distributions under this section may not be approved unless the ap-
7 plicant demonstrates a commitment to contribute at least five percent of the costs of the
8 project to which the application relates. The Oregon Department of Aviation shall adopt
9 rules for purposes of this subsection.

10 (3)(a) The Oregon Transportation Commission shall establish a review committee com-
11 posed of one member from each of the area commissions on transportation chartered by the
12 commission.

13 (b) The review committee shall meet as necessary to review applications for distributions
14 of amounts pursuant to this section. ORS 367.084 (3) applies to the review process of the
15 review committee.

16 (c) The review committee shall recommend applications to the State Aviation Board,
17 which shall select applications with the following priority:

18 (A) First, to applications filed pursuant to subsection (5)(a)(A) of this section;

19 (B) Second, to applications filed with respect to safety and infrastructure development;
20 and

21 (C) Third, to applications filed with respect to aviation-related economic benefits related
22 to airports.

23 (4)(a) Five percent of the amounts described in subsection (1) of this section are appro-
24 priated to the Oregon Department of Aviation for the costs of the department and the State
25 Aviation Board in administering this section.

26 (b) The remaining 95 percent of the amounts described in subsection (1) of this section
27 shall be distributed pursuant to subsections (5) to (7) of this section.

28 (5)(a) Fifty percent of the amounts described in subsection (4)(b) of this section shall be
29 distributed for the following purposes:

30 (A) To assist airports in Oregon with match requirements for Federal Aviation Admin-
31 istration Airport Improvement Program grants.

32 (B) To make grants for emergency preparedness and infrastructure projects, in accord-
33 ance with the Oregon Resilience Plan, including grants for emergency management plan de-
34 velopment, seismic studies and emergency generators and similar equipment.

35 (C) To make grants for:

36 (i) Services critical or essential to aviation, including, but not limited to, fuel, sewer,
37 water and weather equipment.

38 (ii) Aviation-related business development, including, but not limited to, hangars, parking
39 for business aircraft and related facilities.

40 (iii) Airport development for local economic benefit, including, but not limited to, signs
41 and marketing.

42 (b) Priority in distributing grants shall be given to projects for which applicants demon-
43 strate a commitment to contribute the greatest amounts toward the costs of the projects
44 to which the applications relate.

45 (6) Twenty-five percent of the amounts described in subsection (4)(b) of this section shall

1 be distributed for the purpose of assisting commercial air service to rural Oregon.

2 (7) Twenty-five percent of the amounts described in subsection (4)(b) of this section shall
3 be distributed to state-owned airports for the purposes of:

4 (a) Safety improvements recommended by the State Aviation Board and local community
5 airports.

6 (b) Infrastructure projects at public use airports.

7 (8)(a) The State Aviation Board shall submit reports, in the manner provided in ORS
8 192.245 and paragraph (b) of this subsection, that describe in detail the projects for which
9 applications have been submitted and approved, the airports affected, the names of the ap-
10 plicants and the persons who will perform the work proposed in the applications, the
11 progress of projects for which applications have been approved and any other information the
12 board considers necessary for a comprehensive analysis of the implementation of this sec-
13 tion.

14 (b) The reports described in paragraph (a) of this subsection shall be submitted:

15 (A) Not later than February 10 of each year to the committees of the Legislative As-
16 sembly related to air transportation; and

17 (B) Not later than September 30 of each year to the interim committees of the Legisla-
18 tive Assembly related to air transportation.

19 **SECTION 8.** (1) Section 7 of this 2015 Act is repealed on January 2, 2022.

20 (2) Amounts described in section 7 (1) of this 2015 Act that are uncommitted on the date
21 specified in subsection (1) of this section for distributions made pursuant to section 7 (5) to
22 (7) of this 2015 Act may be expended as other aviation fuel tax revenues are expended.

23 **SECTION 9.** This 2015 Act takes effect on the 91st day after the date on which the 2015
24 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.

25