

House Bill 3252

Sponsored by COMMITTEE ON ENERGY AND ENVIRONMENT

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 **as introduced**.

Imposes tax on each fuel supplier and utility based on amount of carbon in carbon-based fuel that is sold by fuel supplier to consumers in this state or that is used to produce carbon-generated electricity supplied by utility to consumers in this state.

Deposits moneys from tax revenues into suspense account for distribution to programs related to utility and housing assistance for low-income households, supporting carbon mitigation efforts and funding public roadway improvements.

Applies to carbon-based fuel sold to consumers or used to produce carbon-generated electricity on or after effective date of Act.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to carbon-based fuel; prescribing an effective date; and providing for revenue raising that
3 requires approval by a three-fifths majority.

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

5 **SECTION 1. As used in sections 1 to 5 of this 2015 Act:**

6 (1) **“Carbon-based fuel” means coal, natural gas, petroleum products and any other**
7 **product used for fuel that contains carbon and emits carbon dioxide when combusted.**
8 **“Carbon-based fuel” does not include any product used for fuel that is derived from a re-**
9 **source that is less than 1,000 years old in its natural state.**

10 (2) **“Carbon-based fuel group” means a group of carbon-based fuels that contain similar**
11 **levels of carbon.**

12 (3) **“Carbon-generated electricity” means electric energy that is produced by using a**
13 **carbon-based fuel. “Carbon-generated electricity” does not include electric energy produced**
14 **by using a fuel that is derived from a resource that is less than 1,000 years old in its natural**
15 **state.**

16 (4) **“Fuel supplier” means a person that sells carbon-based fuel to consumers.**

17 (5) **“Utility” means a public utility operating under ORS chapter 757, a people’s utility**
18 **district operating under ORS chapter 261, a municipal utility operating under ORS chapter**
19 **225 or any other entity that supplies carbon-generated electricity to consumers.**

20 **SECTION 2. (1)(a) A tax is imposed on carbon-based fuel, to be paid by each fuel supplier**
21 **and utility, at a rate of \$10 per ton of carbon in a carbon-based fuel that is:**

22 (A) **Sold by a fuel supplier to consumers in this state; or**

23 (B) **Used to produce carbon-generated electricity that is supplied by a utility to consum-**
24 **ers in this state.**

25 (b) **The rate of taxation established by subsection (1) of this section shall increase an-**
26 **nually at a rate of \$10 per ton of carbon until the rate reaches \$60 per ton of carbon, after**
27 **which the rate shall be adjusted for inflation annually.**

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 (2) Notwithstanding subsection (1) of this section, the amount of tax imposed on oil or
 2 natural gas under this section may not exceed six percent of the market value of oil or na-
 3 tural gas that is described in Article IX, section 3b, of the Oregon Constitution. If the total
 4 of all taxes imposed by all laws on oil or natural gas described in Article IX, section 3b, of
 5 the Oregon Constitution, exceeds six percent of the market value of the oil or natural gas,
 6 the amount that is in excess of six percent because of taxes imposed by the laws of this
 7 state, other than the tax imposed by this section, shall be refunded to the taxpayers.

8 (3) The Department of Revenue shall calculate the tax liability of a fuel supplier or utility
 9 by multiplying the rate designated in subsection (1) of this section by the total amount of
 10 carbon in all carbon-based fuel groups that was:

11 (a) Sold by the fuel supplier to consumers in this state in the previous calendar year; or

12 (b) Used to produce carbon-generated electricity supplied by the utility to consumers in
 13 this state in the previous calendar year.

14 (4)(a) If a utility is unable to provide the information required for the calculation under
 15 subsection (3) of this section, the Department of Revenue shall calculate the utility's tax li-
 16 ability by multiplying the rate designated in subsection (1) of this section by the product of
 17 the average amount of carbon used in the generation of one kilowatt of electricity supplied
 18 by the utility and the total number of kilowatts of electricity supplied by the utility to con-
 19 sumers in this state.

20 (b) The State Department of Energy shall calculate the average amount of carbon used
 21 in the generation of one kilowatt of electricity supplied by the utility, based on the Depart-
 22 ment of Energy's estimate of the carbon contributed by each carbon-based fuel group and
 23 the total amount of carbon produced in the generation of the electricity. Each year, the
 24 State Department of Energy shall recalculate and report to the Department of Revenue the
 25 average amount of carbon used in the generation of one kilowatt of electricity supplied by
 26 the utility to take into account any changes in the ratio of carbon-based fuel groups used in
 27 the generation of the electricity.

28 (5) The Department of Revenue and the State Department of Energy may adopt any rules
 29 necessary for the calculation and collection of the tax imposed under this section.

30 (6) The tax imposed under this section does not apply to:

31 (a) Carbon-based fuel or carbon-generated electricity that the State of Oregon is prohib-
 32 ited from taxing under the Constitution or laws of the United States or the Constitution or
 33 laws of the State of Oregon.

34 (b) Any fuel supplier or utility that is administered by a federal agency.

35 (c) Any carbon-based fuel or carbon-generated electricity that is transported through
 36 this state but not consumed in this state.

37 **SECTION 3.** (1) All moneys that are received by the Department of Revenue from the tax
 38 imposed under section 2 of this 2015 Act that is due to the sale of motor vehicle fuel or any
 39 other product used for the propulsion of motor vehicles, other than electric vehicles, shall
 40 be used in the manner described in Article IX, section 3a, of the Oregon Constitution, for the
 41 purposes of:

42 (a) Increasing the use of solar and electric energy on public highways, roads, streets and
 43 roadside rest areas;

44 (b) Funding installation, maintenance and operation of electric vehicle charging stations
 45 along public highways, roads, streets and roadside rest areas; and

1 (c) Improving public highways, roads and streets by increasing the number of bicycle
2 lanes and bus lanes throughout this state.

3 (2) All moneys received by the Department of Revenue from the tax imposed under sec-
4 tion 2 of this 2015 Act that are not received as described in subsection (1) of this section shall
5 be deposited in a suspense account. Moneys in that account shall be distributed as follows:

6 (a) 35 percent to be deposited in the General Housing Account established under ORS
7 458.620 to be used for the purpose of expanding the supply of low- and very low-income
8 housing throughout this state;

9 (b) 15 percent to be deposited in the Housing and Community Services Department Low-
10 Income Electric Bill Payment Assistance Fund to be used for the purpose of increasing
11 funding for low income bill payment and crisis assistance under ORS 757.612 (7); and

12 (c) 50 percent to the Department of Energy to be used for the purpose of supporting
13 carbon mitigation programs, creating jobs and providing job training related to renewable
14 energy, energy efficiency and transit investments.

15 SECTION 4. Unless the context requires otherwise, the provisions of ORS chapters 305,
16 314 and 316 that relate to the audit and examination of reports and returns, confidentiality
17 and disclosure of reports and returns, determination of deficiencies, assessments, claims for
18 refunds, penalties, interest, jeopardy assessments, warrants, conferences and appeals to the
19 Oregon Tax Court, and related procedures, apply to sections 1 to 5 of this 2015 Act, the same
20 as if the tax were a tax imposed upon or measured by net income.

21 SECTION 5. For the purpose of first calculating the tax imposed under section 2 of this
22 2015 Act, the State Department of Energy shall determine the percentage of carbon in each
23 carbon-based fuel group and report those percentages to the Department of Revenue.

24 SECTION 6. Sections 1 to 5 of this 2015 Act apply to carbon-based fuel sold to consumers
25 or used to produce carbon-generated electricity on or after the effective date of this 2015
26 Act.

27 SECTION 7. This 2015 Act takes effect on the 91st day after the date on which the 2015
28 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.
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