

HB 2293 -1 STAFF MEASURE SUMMARY

House Committee On Transportation Policy

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Meeting Dates: 3/29

WHAT THE MEASURE DOES:

Updates Oregon statute to standardize fuels tax penalties and ensure appropriate taxation of exported fuel. Sunsets a waiver of fuel tax from the sale of bio-diesel derived from cooking oil.

REVENUE: May have revenue impact, but no statement yet issued

FISCAL: May have fiscal impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Replaces the bill. Sunsets the fuel tax waiver on January 1, 2018.

BACKGROUND:

Oregon statute divides fuels into two categories: motor vehicle and aircraft fuels (gasoline and gasoline blends) and use fuel (diesel, bio-diesel, natural gas, propane, or any other combustible gas or liquid used to power motor vehicles). Oregon taxes motor vehicle fuel at the distributor level and taxes use fuels when they are placed into the fuel tank of a motor vehicle. The current statute does not adequately ensure appropriate taxes are paid on exported fuel. This affects other states' ability to collect appropriate taxes on fuel exported from Oregon. House Bill 2435 (2013) waived a fuel tax on 20-percent bio-diesel made from cooking oils. The fuel waiver was expected to be on roughly 2 million gallons of fuel per year and total \$4.6 million in reduced State Highway Fund revenues over the original six year life span of the waiver. For the fiscal year 2016, the fuel tax was waived on approximately 17.5 million gallons of fuel and the affect on the State Highway Fund is substantially greater than originally estimated.