



# Sunny Day Fuel Tax

Not the Windfall Fuel Tax

# Summary

- When the Saudis fight with the frackers, or there are other political or economic events that drive down the price of gas, the State Highway Fund should claim some of the price savings.
- This is best collected at the point of wholesale distribution (convert expected retail price per gallon to wholesale price per gallon).
- This is intended to be supplemental to a tax per gallon or VMT, not a replacement.
- Need to tax motor carrier fuel also, to comply with “fair and proportionate” clause of Article IX(3)a(3) of Oregon Constitution.

# Pros and Cons

## Pros:

- Not bondable, so 100% goes to roads
- Minimizes impact to consumers and businesses
- Best used on new projects

## Cons:

- Not bondable, due to volatility
- State has to absorb volatility
- Shouldn't be used to fund maintenance or recurring costs

# Strike \$2.20 @ 40%

Assuming 1.5B Gallons/yr

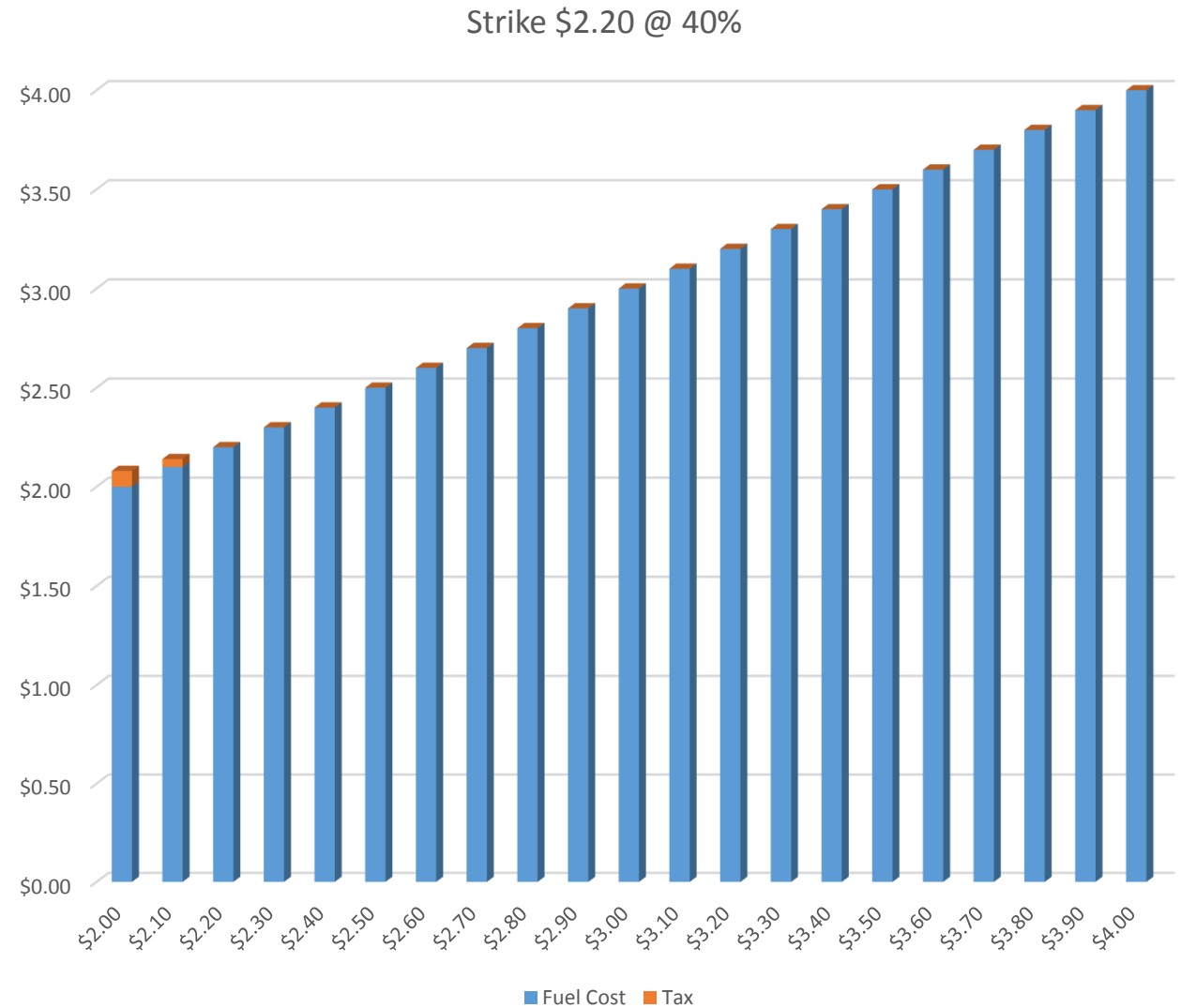
@\$2.00/Gal      \$120 M

@\$2.20/Gal      \$0

@\$2.40/Gal      \$0

@\$2.60/Gal      \$0

@\$2.80/Gal      \$0



# Strike \$2.50 @ 10%

Assuming 1.5B Gallons/yr

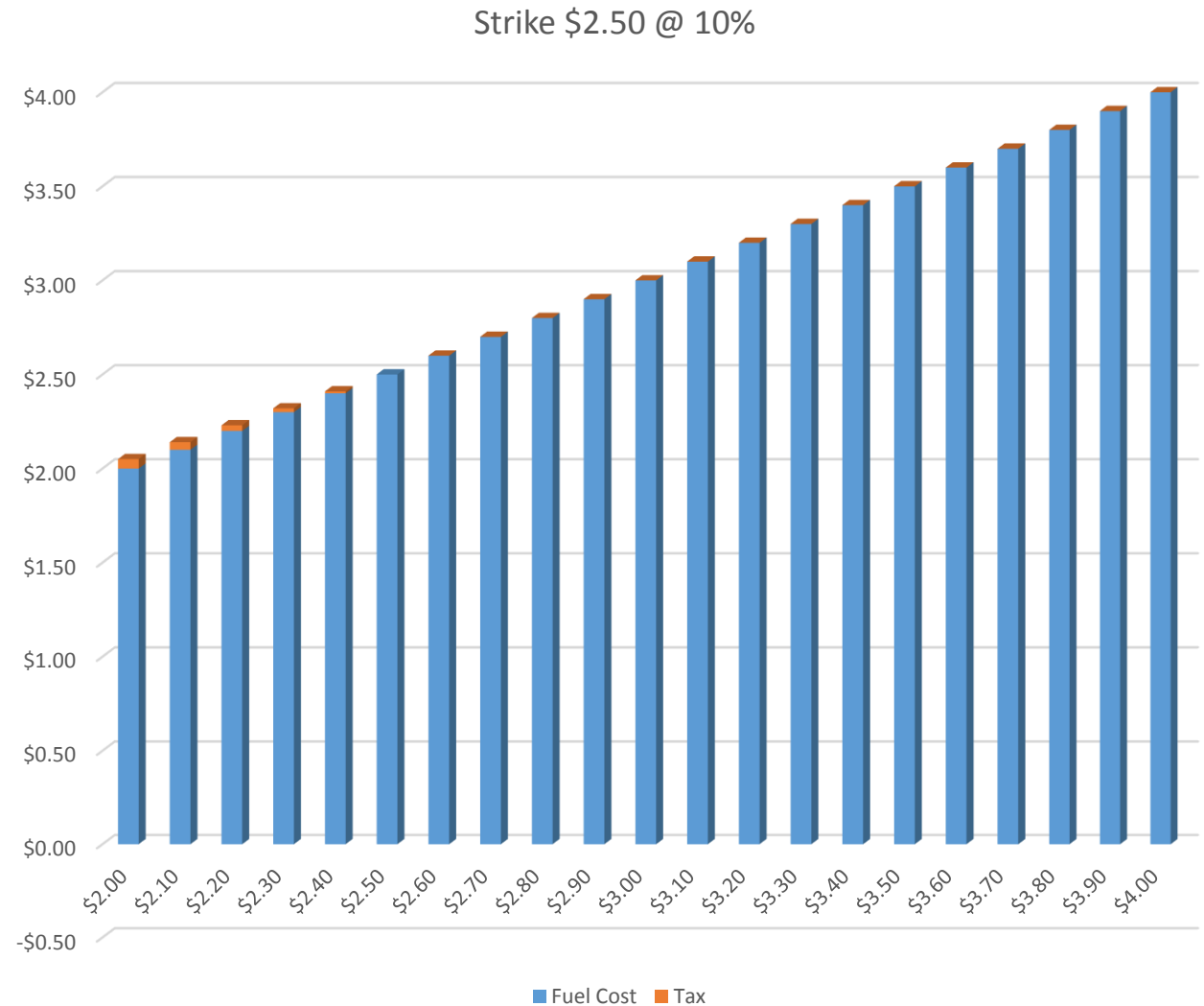
@\$2.00/Gal      \$75 M

@\$2.20/Gal      \$45 M

@\$2.40/Gal      \$15 M

@\$2.60/Gal      \$0

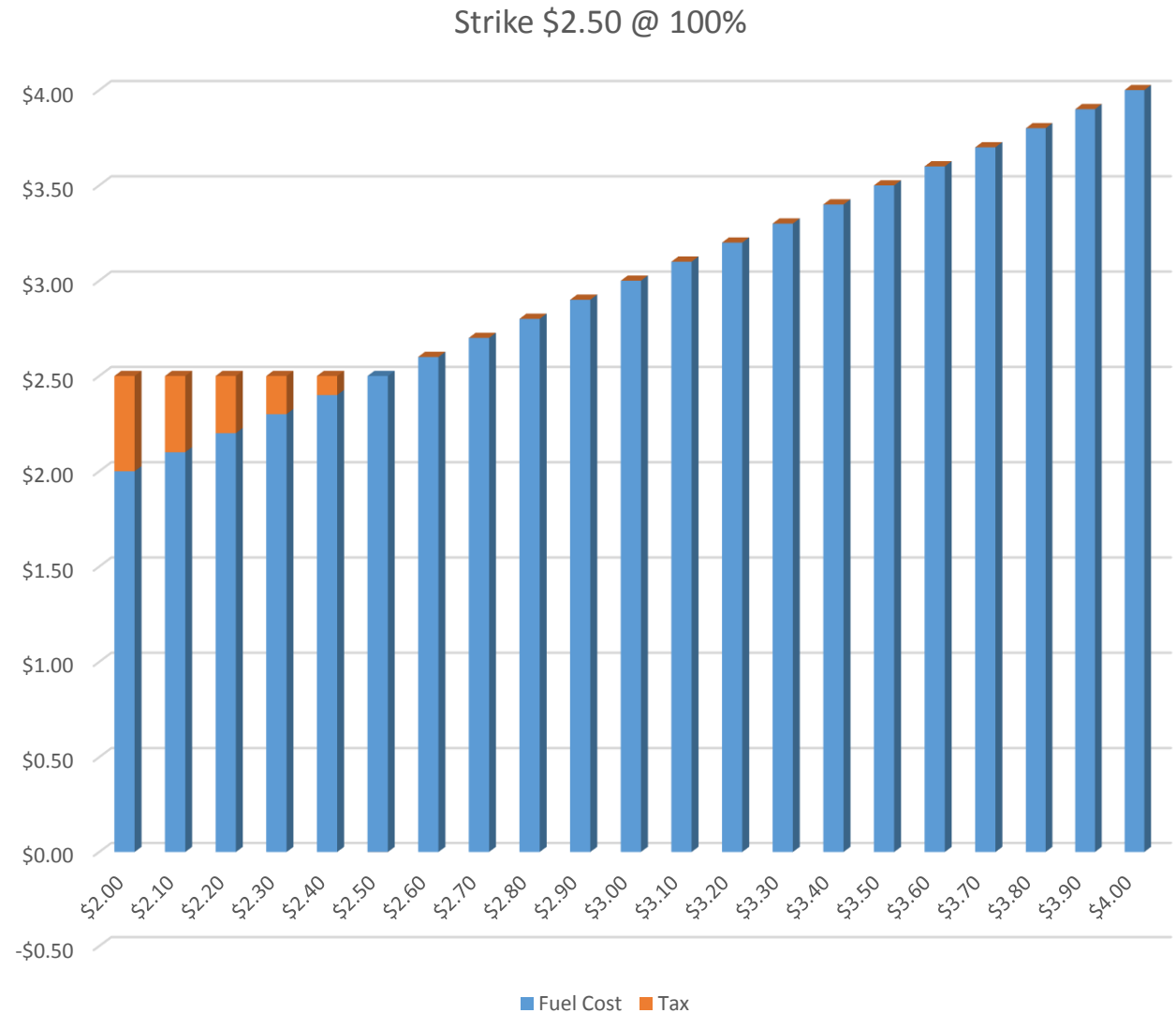
@\$2.80/Gal      \$0



# Strike \$2.50 @ 100%

Assuming 1.5B Gallons/yr

@\$2.00/Gal	<del>\$750 M</del>	\$0 M
@\$2.20/Gal	<del>\$450 M</del>	\$0 M
@\$2.40/Gal	<del>\$150 M</del>	\$0 M
@\$2.60/Gal	\$0	
@\$2.80/Gal	\$0	



# Strike \$2.70 @ 40%

Assuming 1.5B Gallons/yr

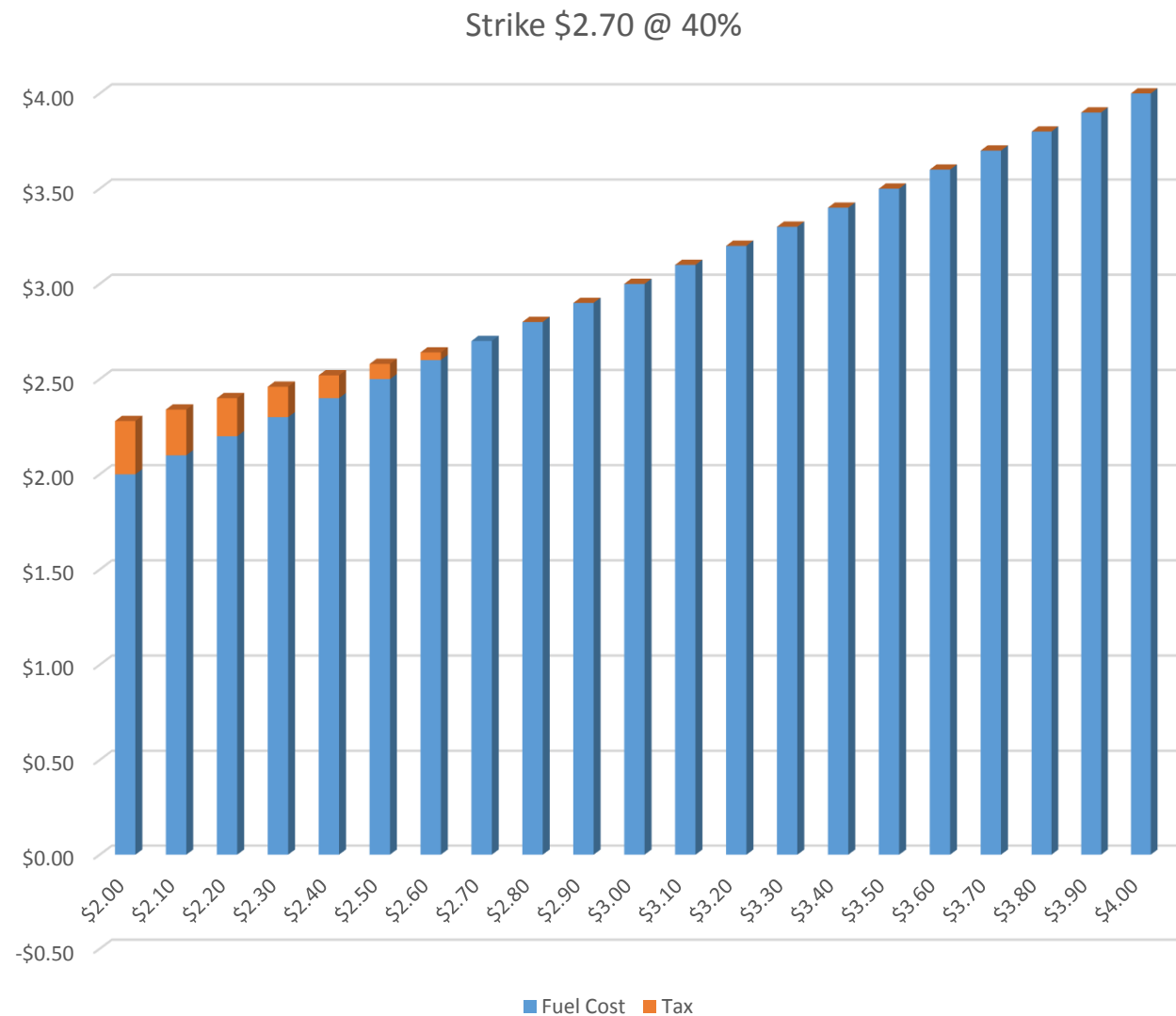
@\$2.00/Gal      \$420 M

@\$2.20/Gal      \$300 M

@\$2.40/Gal      \$180 M

@\$2.60/Gal      \$60 M

@\$2.80/Gal      \$0



# Questions?

[Rep.MikeNearman@oregonlegislature.gov](mailto:Rep.MikeNearman@oregonlegislature.gov)