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Oregon City

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Letter in Support of HB 3062 – Extends Oregon Road Tax Exemption on ultra-low carbon biodiesel blends of 20% or more.

To Whom It May Concern;

The purpose of this letter is to request your support of House Bill 3062, which would extend current law exempting the Oregon road tax on diesel fuel containing at least a 20% blend of used cooking oil-derived biodiesel. This exemption is only allowed at retail fuel stations and for qualifying vehicles 26,000 GVW and under. This law was enacted in 2014, took effect Jan. 1 2015, and is set to expire Jan. 1, 2020.

Leathers Fuels was an early adopter of the “B20 program”, and we began offering the used cooking oil B20 at 21 of our retail station facilities across Oregon starting in March of 2015. This includes communities as far-ranging as John Day, Medford, Hermiston, and Central Oregon, and includes multiple Willamette Valley locations. Our station staffs handed every customer a 4 x 6 informational card, in an effort to educate the diesel-motoring public that the UCO B20 was a viable, sustainable fuel that was significantly better for the environment.

During the period of this law’s effectiveness it had these positive impacts for Oregonians:

- **Reduced carbon emissions:** this program dramatically increased Oregon’s retail availability of locally-made, ultra-low carbon biodiesel, which is 85% less carbon intensive than petroleum diesel. As a result, Oregon now has the largest concentration of retailers offering high blends of biodiesel, with more than 85 locations across the state offering biodiesel as an alternative to conventional diesel fuel.
- **Reduced tailpipe emissions:** used cooking oil B20 (20% biodiesel, 80% petroleum diesel) reduces hazardous tailpipe emissions by up to 50% compared to petroleum diesel.
- **Continued petroleum displacement:** the program has displaced more than 20 million gallons of petroleum diesel use across the state.
- **Keeping fuel dollars in the local economy:** the program successfully stimulates the Oregon economy by keeping pump savings in consumer pockets and low carbon diesel fuel investments in the region. Oregon imports all of its petroleum fuels and this program reduces the outflow of capital in a positive way.
- **Less expensive diesel fuel:** the tax exemption granted through this program gives retailers the flexibility to keep biodiesel competitively priced. Users of fuel that qualifies for the exemption include passenger vehicle drivers, rural/farming communities and small business fleets such as local delivery trucks.
- **Greater consumer choice:** increasing the number of stations offering alternatives to conventional diesel creates a more competitive fuel retail environment.
- **Continued public education and acceptance:** B20 was difficult to promote, particularly in lieu of past history associate with biodiesel generally.



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Consumer awareness/acceptance is growing, and the retail price component is a critical part of continued success. Without the price leverage, many of the existing retail sites will convert back to conventional diesel fuel in order to compete effectively for the general diesel fuels consumer.

- **Key component of a Clean Fuels Program:** As the State expands its efforts to promote alternative fuels, the waste-product-derived diesel fuel with one of the lowest Carbon Index values is an important subset of a successful program.

Recently two Amendments have been attached to the HB 3062:

- 1) Qualifying biodiesel for blending to B20 (20% biodiesel with 80% petroleum diesel) no longer must come from only used cooking oil biodiesel, but rather has to have a Carbon Intensity ("CI") of 20 or below as determined under Oregon's Clean Fuel Program.
- 2) The amount of the exemption will reduce by 10% each of the four years of the extension starting January 1, 2020.

We believe biodiesel is one of the best alternative fuels, and an important subpart, towards achieving Oregon's Clean Fuels Program. Much momentum has been built with the diesel-driving motoring public and small business around the effectiveness of B20 biodiesel. It would be an unfortunate to surrender these gains and the investments that created them, by ending the "B20 program".

We are a member of a coalition of Oregon businesses and organizations asking you to support HB 3062 and to extend the program for the benefit of Oregon's carbon emission reduction goals. We stand ready to provide further testimony and discussion in support of this position. Please feel free to reach out to us with your concerns and thoughts.

Best regards,

Lila Leathers, President
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Kathy Leathers, Vice President
Leathers Enterprises, Inc.