

3.005 NATURAL GAS AND PROPANE VEHICLES

Oregon Statutes: 319.535

Sunset Date: 12-31-2020

Year Enacted: 2014

Total	
2017-19 Revenue Impact:	Less than \$100,000
2019-21 Revenue Impact:	Less than \$100,000

NOTE: The revenue impact estimate includes the effect of the sunset.

DESCRIPTION: Organizations and people who use natural gas or propane as fuel in a motor vehicle may pay an annual special use license fee in lieu of a per-gallon tax.

Upon receipt of a complete and valid application, the Department of Transportation will issue a decal to be displayed on the motor vehicle in a conspicuous place. This decal allows participants to fuel their vehicle at any commercial fueling station that dispenses propane and/or compressed natural gas. It serves as proof to the seller of fuel that the driver is exempt from paying the per-gallon tax. Because the legislation enacting this statute did not explicitly set a sunset for this tax expenditure, ORS 315.037(3) establishes the sunset as six years after the first effective tax year. In this case, the last effective tax year is 2020.

PURPOSE: The statutes that allow this expenditure do not explicitly state a purpose. Presumably, the purpose is to encourage the use of propane and natural gas as motor vehicle fuel.

WHO BENEFITS: Businesses or individuals who use natural gas or propane as fuel in a motor vehicle and pay an annual special use license fee in lieu of a per-gallon tax. Approximately 10 businesses per year use this program, with a total of approximately 50 vehicles per year in the program.

IN LIEU: The special use fuel license fee is equal to a base amount multiplied by the use fuel tax rate in effect at the time of payment, divided by 12. The base amount is determined by the combined weight of the motor vehicle.

Combined Weight	Base Amount	Current Annual Fee
Up to 10,000 pounds	\$60	\$170
10,001 to 26,000 pounds	\$300	\$850
Over 26,000 pounds	\$400	\$1,133.33

The combined weight is defined in ORS 801.199 as the total empty weight of all vehicles in a combination plus the total weight of the load carried on that combination of vehicles.

EVALUATION: *provided by the Oregon Department of Transportation*

There are a few users of this tax expenditure, with typical revenue of several thousand dollars per year.