

HB 3062 -3 STAFF MEASURE SUMMARY
House Committee On Energy and Environment

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Sub-Referral To: House Committee On Revenue
Meeting Dates: 3/21, 4/4

WHAT THE MEASURE DOES:

Extends the sunset from January 1, 2020 to January 1, 2024 on the exemption from use fuel tax for diesel fuel blended with a minimum of 20 percent biodiesel derived from used cooking oil, used in motor vehicles with a gross vehicle weight rating of 26,000 pounds or less.

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:

-3 Changes sunset for exemption from use fuel tax for diesel fuel blended with a minimum of 20 percent biodiesel derived from used cooking oil to January 1, 2021.

BACKGROUND:

The Oregon Department of Transportation (ODOT) uses fuels taxes along with other funds from state, federal, county, and city sources, to preserve, improve, and operate Oregon's road system. These taxes are determined in accordance with three principles: those who use the roads pay for them; road users pay in proportion to the road costs for which they are responsible; and taxes are used for constructing, improving, and maintaining roads. The current rate for use fuel tax is 34 cents per gallon of fuel and is scheduled to increase incrementally to 40 cents in 2024.

Biodiesel is produced from a diverse mix of feedstocks, including recycled cooking oil, agricultural oils, and animal fats. The state renewable fuel standard requires five percent of diesel consumed in state must be biodiesel. Several fleets such as the Oregon Department of Forestry, the Oregon Department of Transportation, the Eugene Water and Electric Board, Organically Grown, and the City of Portland use high blends of biodiesel in their fleets.

House Bill 2435 A (2013) exempted diesel fuel blended with a minimum of 20 percent biodiesel derived from used cooking oil and used in a motor vehicle with a gross weight of 26,000 pounds or less from use fuel tax for the years 2014-2019. House Bill 3062 would extend the sunset for the exemption through 2023.