

LC 4286
2019 Regular Session
PRIORITY
3/29/19-1 (MAM/ps)

D R A F T

SUMMARY

Establishes, if State of Oregon adopts cap and trade program, credit available to certain households for purpose of mitigating carbon price indirectly paid by households through purchase of motor vehicle fuel to propel motor vehicles on public highways.

Takes effect on 91st day following adjournment sine die or on effective date of chapter _____, Oregon Laws 2019 (Enrolled House Bill 2020), whichever is later.

A BILL FOR AN ACT

Relating to mitigating household fuel transportation costs; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. As used in sections 1 to 7 of this 2019 Act:

(1) **“Allowance” means a tradable authorization to emit one metric ton of carbon dioxide equivalent, issued by the state as part of the market-based mechanism for covered entities to demonstrate compliance with a cap and trade program.**

(2) **“Area median income” means the median income for the metropolitan statistical area in which a household is located or, if the household is not located within a metropolitan statistical area, for the metropolitan statistical area in closest proximity to the location of the household, as determined by the Housing and Community Services Department, adjusted for household size.**

(3) **“Cap and trade program” means a state regulatory program adopted that:**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (a) Places a cap on the total anthropogenic greenhouse gas emis-
2 sions that are regulated emissions under the program through setting
3 annual allowance budgets for 2021 to 2050;

4 (b) Provides a market-based mechanism for covered entities to
5 demonstrate compliance with the program; and

6 (c) Regulates as covered entities under the program persons that
7 produce or import fuel that is sold or distributed for use in this state,
8 as necessary to address the regulated emissions that are attributable
9 to the combustion of that fuel.

10 (4) "Eligible household" means a household with a household in-
11 come that is no greater than 100 percent of the area median income.

12 (5) "Fuel" means:

13 (a) Motor vehicle fuel as defined in ORS 319.010; and

14 (b) Fuel subject to the tax imposed under ORS 319.530 on the use
15 of fuel in a motor vehicle within the meaning of ORS 319.520.

16 (6) "Per-gallon carbon price" means the portion of the price of a
17 gallon of fuel in Oregon that is attributable to the cost to a fuel pro-
18 ducer or importer of being regulated under a cap and trade program
19 adopted by the State of Oregon.

20 SECTION 2. (1)(a) Not later than November 30 of each year, begin-
21 ning in the year that a cap and trade program adopted by the State
22 of Oregon becomes operative, the Department of Transportation, in
23 consultation with the state agency charged with implementing the cap
24 and trade program, shall prepare an annual estimate of:

25 (A) The median household vehicle miles traveled per region of this
26 state;

27 (B) The median gallons of fuel used by a passenger motor vehicle
28 in traveling the median household vehicle miles traveled per region;
29 and

30 (C) The per-gallon carbon price.

31 (b) In preparing the estimate required under paragraph (a)(B) of

1 **this subsection, the department shall exclude from the data set pas-**
2 **senger motor vehicles that are not powered by fuel.**

3 **(c) In preparing the estimate required under paragraph (a)(C) of**
4 **this subsection, the department shall take into account regional dif-**
5 **ferences in the median annual cost of a gallon of fuel. The department**
6 **shall subtract from this estimate any increase solely attributable to a**
7 **percentage increase, from 2020 to the current calendar year, in the**
8 **Consumer Price Index for All Urban Consumers, West Region (All**
9 **Items) as published by the Bureau of Labor Statistics of the United**
10 **States Department of Labor. The estimate shall be expressed in a**
11 **positive amount of dollars per gallon of fuel.**

12 **(2) Using the estimates prepared under subsection (1) of this sec-**
13 **tion, the Department of Transportation shall develop a schedule of the**
14 **annual credit amounts available to eligible households, per each region**
15 **of this state. The credit amount available to an eligible household in**
16 **a region shall be computed:**

17 **(a) To reflect the median gallons of fuel used by passenger motor**
18 **vehicles in traveling the median household vehicle miles traveled for**
19 **the region, multiplied by the per-gallon carbon price; and**

20 **(b) To closely approximate the carbon price indirectly paid by eli-**
21 **gible households in the region through the purchase of fuel to propel**
22 **passenger motor vehicles on the public highways.**

23 **(3) Not later than January 15 of each year, the Department of**
24 **Transportation shall notify the Department of Revenue of the esti-**
25 **mates required under this section and calculated for the immediately**
26 **preceding year, and of the annual credit amounts available to eligible**
27 **households per region.**

28 **(4) The Department of Transportation may adopt rules necessary**
29 **to carry out this section.**

30 **SECTION 3. (1) If the State of Oregon adopts a cap and trade pro-**
31 **gram, each eligible household may apply for a credit under this section**

1 in an amount equal to the annual credit amount for the region in
2 which the eligible household is located, as calculated under section 2
3 of this 2019 Act.

4 (2) The Department of Revenue shall provide a means on the per-
5 sonal income tax return, beginning with returns filed for tax years
6 beginning on or after the year that a cap and trade program adopted
7 by the State of Oregon becomes operative, by which an individual
8 taxpayer in an eligible household may apply for the credit. An indi-
9 vidual taxpayer in a household may apply for the credit on the return
10 filed by the individual for any tax year beginning on or after the date
11 on which the estimate required under section 2 of this 2019 Act is
12 made.

13 (3) The department shall allow for eligible households in which no
14 individual files a personal income tax return to apply for the credit in
15 a form prescribed by the department by rule.

16 (4) An application for a credit must be signed by the applicant un-
17 der penalties for false swearing and include:

18 (a) A statement that the applicant is a member of an eligible
19 household;

20 (b) Proof of registration in Oregon to the applicant of at least one
21 passenger motor vehicle that is powered by motor vehicle fuel; and

22 (c) Any other information required by the department by rule.

23 (5)(a) The department may investigate a credit application submit-
24 ted under this section and gather and compile such information re-
25 lated to the application as the department considers necessary.

26 (b) The department may examine the relevant records of the appli-
27 cant in order to establish the validity of an application.

28 (c) If an applicant does not permit the department to examine the
29 relevant records, the applicant waives all rights to the credit to which
30 the application relates.

31 (6)(a) The department shall reject or approve an application for a

1 **credit submitted under this section. The department may not approve**
2 **more than one application per eligible household per year.**

3 **(b) The department may allow the applicant to modify an applica-**
4 **tion without refileing to any reasonable extent necessary for approval**
5 **of the application.**

6 **(c) If the department rejects an application, the department shall**
7 **notify the applicant and explain the reasons for the rejection. An ap-**
8 **plicant may appeal a rejection, subject to the provisions of section 4**
9 **of this 2019 Act.**

10 **(d) If the department approves an application, the department shall**
11 **notify the applicant and issue payment of the credit.**

12 **(7) The credits authorized under this section shall be paid by the**
13 **department out of the Climate Action Reimbursement Fund estab-**
14 **lished under section 5 of this 2019 Act and in the manner of refund**
15 **payments in excess of tax liability under ORS chapter 316. The de-**
16 **partment may not issue payment of a credit unless there are sufficient**
17 **moneys available in the Climate Action Reimbursement Fund to pay**
18 **the credit.**

19 **(8) Money received by an individual through a credit issued under**
20 **this section is exempt from personal income taxation under Oregon**
21 **law.**

22 **(9) The Department of Revenue, in consultation with the Depart-**
23 **ment of Transportation, shall develop and implement outreach efforts**
24 **to encourage individuals in eligible households to apply for the credit**
25 **described in this section and section 2 of this 2019 Act.**

26 **SECTION 4. Except as otherwise provided in section 3 of this 2019**
27 **Act, or where context requires otherwise, the provisions of ORS**
28 **chapters 305, 314 and 316 as to the audit and examination of reports**
29 **and returns, periods of limitation, determination of and notices of de-**
30 **ficiencies, assessments, collections, liens, delinquencies, claims for**
31 **refund and refunds, conferences, appeals to the Oregon Tax Court,**

1 stays of collection pending appeal, confidentiality of returns and the
2 penalties and procedures relative thereto, apply to the determinations
3 of taxes, credits, penalties and interest under section 3 of this 2019 Act.

4 **SECTION 5.** The Climate Action Reimbursement Fund is established
5 in the State Treasury, separate and distinct from the General Fund.
6 The Climate Action Reimbursement Fund shall consist of moneys
7 transferred to the fund under section 6 of this 2019 Act. Interest
8 earned by the fund shall be credited to the fund. Moneys in the fund
9 are continuously appropriated to the Department of Revenue to issue
10 credits under section 3 of this 2019 Act.

11 **SECTION 6.** If the State of Oregon adopts a cap and trade program
12 and notwithstanding any contrary provision of law, the Department
13 of Transportation shall annually transfer to the Climate Action Re-
14 imbursement Fund established under section 5 of this 2019 Act \$100
15 million of the moneys continuously appropriated to the Department
16 of Transportation that are proceeds received by the state through the
17 sale of allowances at auctions conducted by the state for the purpose
18 of distributing the allowances.

19 **SECTION 7.** No later than September 15 of the fifth year following
20 the year in which a cap and trade program adopted by the State of
21 Oregon becomes operative, the Department of Revenue shall report,
22 in the manner provided by ORS 192.245, on the credit provided for in
23 sections 1 to 7 of this 2019 Act.

24 **SECTION 8.** This 2019 Act does not take effect unless
25 chapter _____, Oregon Laws 2019 (Enrolled House Bill 2020) becomes
26 law.

27 **SECTION 9.** If chapter _____, Oregon Laws 2019 (Enrolled House
28 Bill 2020) becomes law, this 2019 Act takes effect on the later of:

29 (1) The 91st day after the date on which the 2019 regular session of
30 the Eightieth Legislative Assembly adjourns sine die; or

31 (2) The effective date of chapter _____, Oregon Laws 2019 (Enrolled

1 **House Bill 2020).**

2
