

HB 2402 -1, -2 STAFF MEASURE SUMMARY

Joint Committee On Transportation

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Sub-Referral To: House Committee On Revenue

Meeting Dates: 4/15

WHAT THE MEASURE DOES:

Changes the aviation fuel tax amount per gallon and removes sunset from increases. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Replaces original measure. Increases per-gallon tax on aircraft fuel from nine cents to 11 cents. Increases per-gallon tax on jet fuel from one cent to three cents. Removes sunset on fuel tax increases. Takes effect on 91st day following adjournment sine die.

-2 Replaces original measure. Increases per-gallon tax on aircraft fuel from nine cents to 13 cents. Increases per-gallon tax on jet fuel from one cent to five cents. Applies new tax level effective January 1, 2020. Removes sunset on fuel tax increases. Takes effect on 91st day following adjournment sine die.

BACKGROUND:

In 2015, the Legislative Assembly enacted House Bill 2075 which increased aircraft fuels taxes by two cents and was set to be effective from January 1st 2016 until January 1st 2022. The Oregon Department of Aviation (ODA) received five percent of revenues generated for administration. The remaining revenue generated from the increase in fuel tax is allocated as follows: 50 percent for aviation grants and match for Federal Aviation Administration grants; 25 percent for creating and maintaining commercial air services in rural areas; and 25 percent for state airports to use on safety and infrastructure projects.

According to the ODA, 31 percent of funds is federal funding and the other 69 percent of funding is primarily from the transfer of fuel tax revenue. ODA has requested approximately \$36 million for the 2019-2021 budget.

House Bill 2402 modifies the aviation fuel tax and changes the effective date.