

HB 3425 STAFF MEASURE SUMMARY

Joint Committee On Carbon Reduction

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Sub-Referral To: House Committee On Revenue

Meeting Dates: 4/15

WHAT THE MEASURE DOES:

Defines key terms. Requires Oregon Department of Transportation (ODOT) in consultation with state agency charged with implementing cap and trade program prepare annual estimate of: median household vehicle miles traveled per region of state; median gallons of fuel used by passenger motor vehicle in traveling the median household vehicle miles traveled per region; and per-gallon carbon price not later than November 30 of each year beginning in year that cap and trade program becomes operative. Requires ODOT exclude from data set passenger motor vehicles not powered by fuel and take certain factors into consideration. Requires ODOT develop schedule of annual credit amounts available to eligible households per each region of state. Requires credit amount be computed to reflect median gallons of fuel used by passenger motor vehicles in traveling median household vehicle miles travelled for region, multiplied by per-gallon carbon price, and closely approximate carbon price indirectly paid by eligible households in region through purchase of fuel to propel passenger motor vehicles on public highways. Requires ODOT notify Oregon Department of Revenue (DOR) of estimates calculated for immediately preceding year and of annual credit amounts available to eligible households per region not later than January 15 of each year. Authorizes ODOT adopt rules necessary to carry out estimate and credit calculation process.

Authorizes each eligible household to apply for a credit in an amount equal to annual credit amount for region in which eligible household is located if State of Oregon adopts cap and trade program. Requires DOR to provide a means on personal income tax return, beginning with returns filed for tax years beginning on or after year that cap and trade program becomes operative, by which individual taxpayer in eligible household may apply for credit. Requires DOR allow for eligible households in which no individual files personal income tax return to apply for credit in form prescribed by DOR by rule. Requires application for credit be signed by applicant under penalties for false swearing. Authorizes DOR to investigate submitted credit application and gather such information related to application as ODR considers necessary. Authorizes DOR to examine relevant records of applicant in order to establish validity of application. Stipulates applicant waives all rights to credit if applicant does not permit DOR to examine relevant records. Requires DOR reject or approve application and prohibits DOR from approving more than one application per eligible household per year. Authorizes DOR to allow applicant to modify application without refiling to any reasonable extent necessary for approval. Requires DOR to notify applicant if application is rejected and explain reasons for rejection. Authorizes applicant appeal rejection. Requires DOR to notify applicant if application is approved and issue payment of credit. Requires credits be paid by DOR out of Climate Action Reimbursement Fund (Fund) in manner of refund payments in excess of tax liability. Prohibits DOR from issuing payment of credit unless sufficient moneys available in Fund. Exempts money received by individual through credit from personal income taxation. Requires DOR in consultation with ODOT to develop and implement outreach efforts.

Establishes Climate Action Reimbursement Fund (Fund) in State Treasury. Appropriates moneys in Fund to DOR to issue credits. Requires ODOT annually transfer to Fund \$100 million of moneys continuously appropriated to

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ODOT that are proceeds received by state through sale of allowances at auctions for the purpose of distributing allowances if state adopts cap and trade program. Requires DOR report on credit provided no later than September 15 of the fifth year following year in which cap and trade program becomes operative. Prohibits act from taking effect unless chapter _____, Oregon Laws 2019 (Enrolled House Bill 2020) becomes law. Takes effect on the later of the 91st day after date on which 2019 regular session of Eightieth Legislative Assembly adjourns sine die or effective date of chapter _____, Oregon Laws 2019 (Enrolled House Bill 2020).

REVENUE: Revenue impact issued

FISCAL: Fiscal impact issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The 2019 legislature is currently reviewing House Bill 2020, which proposes a statewide cap and trade program designed to reduce greenhouse gas emissions.

If the state adopts a cap and trade program, House Bill 3425 would establish credit available to eligible households for the purpose of mitigating the price of carbon paid by households through the purchase of motor vehicle fuel, establish the Climate Action Reimbursement Fund (Fund), stipulate the purpose and source of moneys in the Fund, and takes effect on the 91st day following adjournment sine die or on the effective date of chapter _____, Oregon Laws 2019 (House Bill 2020), whichever date is later.