

HB 2129 -1 STAFF MEASURE SUMMARY

Joint Committee On Transportation

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Sub-Referral To: House Committee On Revenue
Meeting Dates: 3/25, 5/6

WHAT THE MEASURE DOES:

Extends and creates sunsets for certain transportation-related expenditures. Takes effect on 91st day following adjournment sine die.

Note - measure has a subsequent referral to the House Committee on Revenue

ISSUES DISCUSSED:

- Growth of biodiesel industry
- Types of diesel fuel
- Revenue impact of measure
- Scope of special use fuel emblem program

EFFECT OF AMENDMENT:

-1 Deletes provisions related to biodiesel.

BACKGROUND:

In Oregon, fuels are divided into two categories: motor vehicle fuels, such as gasoline, gasoline blends, and aviation and jet fuel; and use fuels, such as diesel, biodiesel, propane, compressed natural gas, or any other fuel used to propel a vehicle that is not a motor vehicle fuel. Vehicles that operate on use fuels may utilize a special emblem to notify retail sellers of fuel that they are licensed by the Fuels Tax Group of the Oregon Department of Transportation (ODOT) to remit use fuel taxes directly to the state, rather than paying a tax directly at the retail location.

Use fuel rates are set to approximate the equivalent to the current gasoline tax rate of \$0.34 per gallon. For propane and natural gas dispensed into motor vehicles as fuel, they are taxed as follows: for propane, the number of taxable gallons is divided by 1.3 prior to applying the \$0.34/gallon tax; for natural gas, taxable gallons are divided by 1.2 before calculation.