



June 12, 2019

House Committee on Revenue

HB 2129-A (Alternative Fuel Use Decal in lieu of Pay Tax at the Pump)

Madam Chair and Members of the Committee:

House Bill 2129-A in Section 2 continues a great law which allows an owner of a vehicle propelled by alternative fuel to annually purchase a decal in lieu of paying the motor fuel tax at the pump.

Oregon's neighboring states -- California, Washington, and Idaho -- have had a fuel decal program in place since the mid-1970s. The result has been a positive effect in incentivizing companies to convert their vehicles to run on alternative fuel.

Gasoline, used exclusively as a motor fuel, is assessed (and pays) taxes at the first point of distribution in the state. Accordingly, the gas tax is built into the retail purchase price of fuel when the consumer pays at the pump.

Propane and natural gas, however, have various uses (including home heating, cooking and agricultural applications) and are taxed at various rates depending on their use. Before the fuel decal law, this created a barrier in Oregon that inhibits alternative motor fuel choice because collecting, reporting and remitting over-the-road tax on these fuels was cumbersome, time consuming, and problematic for retailers who would otherwise serve this market. Many wouldn't sell propane for automobile use for this reason.

This measure, through its in-lieu fee, removes these procedural barriers with the result that already installed infrastructure (such as BBQ propane tank filling sites) can now deliver this fuel to automobiles. This is especially advantageous for fleets that use propane and extends their driving range by continuing to make more sites which sell propane available for use in automobiles.

Oregon benefits economically, environmentally and in terms of national energy security by facilitating the availability and use of these alternative fuels.

Please vote yes on HB 2129-A!

Thank you sincerely for your consideration.

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