

HB 2402 A STAFF MEASURE SUMMARY**Carrier:** Sen. Beyer**Joint Committee On Transportation****Action Date:** 04/15/19**Action:** Do pass the A-Eng bill.**Senate Vote****Yeas:** 4 - Bentz, Beyer, Frederick, Gelser**Exc:** 1 - Boquist**House Vote****Yeas:** 7 - Evans, Findley, Lewis, McKeown, McLain, Noble, Witt**Fiscal:** Has minimal fiscal impact**Revenue:** No revenue impact**Prepared By:** Patrick Brennan, LPRO Analyst**Meeting Dates:** 4/15, 5/22**WHAT THE MEASURE DOES:**

Modifies provisions related to grants issued by the Department of Aviation. Adds criteria for Department to consider when making disbursement decisions. Authorizes Department to adopt rules to set higher minimum contribution commitment requirements or to establish maximum grant amounts. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Discussion of introduced version of measure
- Grants provided by Oregon Department of Aviation

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

In 2015, the Legislative Assembly enacted House Bill 2075 which increased aircraft fuel taxes by two cents and was set to be effective January 1, 2016, through January 1, 2022. The Oregon Department of Aviation (ODA) received five percent of revenues generated for administration expenses. 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 ODA, 31 percent of the agency's budget and programs are paid for through 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-A authorizes ODA to adopt rules to set higher minimum contribution requirements and maximum grant amounts for these grant programs. It also adds criteria for ODA to consider when making grants, such as improved access to jobs and sources of labor, providing connections to the state's aviation system that measurably improve system efficiency and utilization, readiness for construction and implementation, a life expectancy that maximizes benefit to the state, and how much of the total cost can be borne by other sources.