

HB 3425-1  
(LC 4286)  
5/10/19  
(MAM/CMT/ps)

Requested by JOINT COMMITTEE ON CARBON REDUCTION

**PROPOSED AMENDMENTS TO  
HOUSE BILL 3425**

1 On page 1 of the printed bill, delete lines 4 through 30.

2 Delete pages 2 through 4 and insert:

3 **“SECTION 1. As used in sections 1 to 6 of this 2019 Act:**

4 **“(1) ‘Allowance’ means a tradable authorization to emit one metric**  
5 **ton of carbon dioxide equivalent, issued by the state as part of the**  
6 **market-based mechanism for covered entities to demonstrate compli-**  
7 **ance with a cap and trade program.**

8 **“(2) ‘Cap and trade program’ means a regulatory program adopted**  
9 **by the state that:**

10 **“(a) Places a cap on the total anthropogenic greenhouse gas emis-**  
11 **sions that are regulated emissions under the program through setting**  
12 **annual allowance budgets for 2021 to 2050;**

13 **“(b) Provides a market-based mechanism for covered entities to**  
14 **demonstrate compliance with the program; and**

15 **“(c) Regulates as covered entities under the program persons that**  
16 **produce or import fuel that is sold or distributed for use in this state,**  
17 **as necessary to address the regulated emissions that are attributable**  
18 **to the combustion of that fuel.**

19 **“(3) Eligible motor vehicle” means a passenger motor vehicle that**  
20 **is powered by fuel.**

21 **“(4) ‘Eligible person’ means an individual with an adjusted gross**

1 income that does not exceed 250 percent of the federal poverty guide-  
2 lines, based on the individual’s household size and household members.

3 “(5) ‘Fuel’ means:

4 “(a) Motor vehicle fuel as defined in ORS 319.010; and

5 “(b) Fuel subject to the tax imposed under ORS 319.530 on the use  
6 of fuel in a motor vehicle within the meaning of ORS 319.520.

7 “(6) ‘Median vehicle miles traveled’ means, for a county, the me-  
8 dian number of miles traveled in this state per capita by residents of  
9 that county who are eligible persons using eligible vehicles.

10 “(7) ‘Per-gallon carbon price’ means the portion of the price of a  
11 gallon of fuel in Oregon that is attributable to the cost to a fuel pro-  
12 ducer or importer of being regulated under a cap and trade program  
13 adopted by the State of Oregon.

14 **“SECTION 2.** (1)(a) Not later than November 30 of each year, be-  
15 ginning in the year that a cap and trade program adopted by the State  
16 of Oregon becomes operative, the Department of Transportation, in  
17 consultation with the state agency charged with implementing the cap  
18 and trade program, shall prepare, for each county, an annual estimate  
19 of:

20 “(A) The median vehicle miles traveled for that county;

21 “(B) The median number of gallons of fuel used by an eligible motor  
22 vehicle in traveling the median vehicle miles traveled for that county;  
23 and

24 “(C) The per-gallon carbon price.

25 “(b) In preparing the estimate required under paragraph (a)(C) of  
26 this subsection, the department shall take into account differences by  
27 county in the median annual cost of a gallon of fuel. The department  
28 shall subtract from the estimate any increase solely attributable to a  
29 percentage increase, from 2020 to the current calendar year, in the  
30 Consumer Price Index for All Urban Consumers, West Region (All

1 Items), as published by the Bureau of Labor Statistics of the United  
2 States Department of Labor. The estimate shall be expressed in a  
3 positive amount of dollars per gallon of fuel.

4 “(c) The Department of Transportation may contract with an inde-  
5 pendent third-party organization to assist in preparing the estimates  
6 required under this subsection.

7 “(2) Using the estimates prepared under subsection (1) of this sec-  
8 tion, the department shall develop a schedule that lists for each  
9 county the annual per capita credit amount available to each eligible  
10 person who is a resident of the county. The annual per capita credit  
11 amount available to an eligible person in a county shall be computed:

12 “(a) To reflect the median number of gallons of fuel used by an el-  
13 igible motor vehicle in traveling the median vehicle miles traveled for  
14 the county, multiplied by the per-gallon carbon price;

15 “(b) To closely approximate the carbon price indirectly paid by eli-  
16 gible persons in the county through the purchase of fuel to propel el-  
17 igible motor vehicles on the public highways; and

18 “(c) To reflect any adjustments necessary to account for differences  
19 between the total moneys available for issuance of credits during the  
20 previous calendar year in the Climate Action Reimbursement Fund  
21 established under section 5 of this 2019 Act and the total moneys issued  
22 as payment of credits during the previous calendar year.

23 “(3) Not later than August 15 of each year, the Department of  
24 Transportation shall notify the Department of Revenue of, as calcu-  
25 lated for each county for the immediately preceding year:

26 “(a) The estimates required under this section; and

27 “(b) The annual per capita credit amount available to an eligible  
28 person.

29 “(4) The Department of Transportation may adopt rules necessary  
30 to carry out this section.

1       **“SECTION 3. (1) If the State of Oregon adopts a cap and trade**  
2 **program, each eligible person may apply for a credit under this section**  
3 **in an amount equal to the annual per capita credit amount for the**  
4 **county in which the eligible person is located, as computed under**  
5 **section 2 of this 2019 Act.**

6       **“(2) The Department of Revenue shall provide a means on the per-**  
7 **sonal income tax return, beginning with returns filed for tax years**  
8 **beginning on or after January 1 of the year that a cap and trade pro-**  
9 **gram adopted by the State of Oregon becomes operative, by which an**  
10 **eligible person may apply for the credit. An eligible person may apply**  
11 **for the credit on the return filed by the eligible person for any per-**  
12 **sonal income tax year beginning on or after the date on which the**  
13 **estimate required under section 2 of this 2019 Act is made.**

14       **“(3) The department shall allow for an eligible person who is not**  
15 **required to file a personal income tax return to apply for the credit in**  
16 **a form prescribed by the department by rule.**

17       **“(4) An eligible person claiming a credit under this section shall**  
18 **provide to the department:**

19       **“(a) Proof of registration in Oregon to the eligible person of at least**  
20 **one eligible motor vehicle; and**

21       **“(b) Any other information required by the department by rule.**

22       **“(5) The amount of credit allowed under this section shall equal, for**  
23 **residents of each county:**

24       **“(a) Twice the amount of the per capita credit amount listed for**  
25 **that county on the schedule developed under section 2 of this 2019 Act,**  
26 **if claimed on a joint return, provided the return includes proof of**  
27 **registration of two eligible motor vehicles; or**

28       **“(b) The per capita credit amount listed for that county on the**  
29 **schedule developed under section 2 of this 2019 Act, for credits claimed**  
30 **on all types of personal income tax returns other than joint returns.**

1       “(6) In no event may more than twice the per capita credit amount  
2 be allowed on the basis of one return, regardless of the number of el-  
3 ible motor vehicles registered to an eligible person.

4       “(7) The amounts authorized under this section shall be credited by  
5 the department out of the Climate Action Reimbursement Fund es-  
6 tablished under section 5 of this 2019 Act and in the manner of refund  
7 payments in excess of tax liability under ORS chapter 316. The de-  
8 partment may not issue a credit unless there are sufficient moneys  
9 available in the fund to pay the credit.

10       “(8) Amounts received through a credit issued under this section  
11 are exempt from personal income taxation under Oregon law.

12       “(9) Credits allowed under this section do not bear interest.

13       “SECTION 4. Except as otherwise provided in section 3 of this 2019  
14 Act, or where context requires otherwise, the provisions of ORS  
15 chapters 305 and 314 as to the audit and examination of reports and  
16 returns, periods of limitation, determination of and notices of defi-  
17 ciencies, assessments, collections, liens, delinquencies, claims for re-  
18 fund and refunds, conferences, appeals to the Oregon Tax Court, stays  
19 of collection pending appeal, confidentiality of returns and the penal-  
20 ties and procedures relative thereto, apply to the determinations of  
21 taxes, credits, penalties and interest under section 3 of this 2019 Act.

22       “SECTION 5. The Climate Action Reimbursement Fund is estab-  
23 lished in the State Treasury, separate and distinct from the General  
24 Fund. The Climate Action Reimbursement Fund shall consist of mon-  
25 eys transferred to the fund under section 6 of this 2019 Act. Interest  
26 earned by the fund shall be credited to the fund. Moneys in the fund  
27 are continuously appropriated to the Department of Revenue to issue  
28 credits under section 3 of this 2019 Act.

29       “SECTION 6. Notwithstanding any contrary provision of law, the  
30 Department of Transportation shall annually transfer 30 percent of the

1 **moneys deposited in the Transportation Decarbonization Investments**  
2 **Account to the Climate Action Reimbursement Fund established under**  
3 **section 5 of this 2019 Act.**

4 **“SECTION 7. This 2019 Act does not take effect unless House Bill**  
5 **2020 becomes law.**

6 **“SECTION 8. If House Bill 2020 becomes law, this 2019 Act takes**  
7 **effect on the later of:**

8 **“(1) The 91st day after the date on which the 2019 regular session**  
9 **of the Eightieth Legislative Assembly adjourns sine die; or**

10 **“(2) The effective date of chapter \_\_\_\_\_, Oregon Laws 2019 (Enrolled**  
11 **House Bill 2020).”.**

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