

Senate Bill 1578

Sponsored by Senators BEYER, COURTNEY

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Establishes, if Senate Bill 1530 becomes law, credit available to eligible persons residing in regulated areas for purpose of mitigating carbon price indirectly paid through purchase of fuel to propel eligible motor vehicles on public highways.

Establishes, if Senate Bill 1530 becomes law, refund available to certain persons for purpose of mitigating carbon price indirectly paid through purchase of fuel in regulated areas used to propel motor vehicles, for certain farming and forestry activities.

Becomes operative January 1, 2022.

Takes effect only if Senate Bill 1530 becomes law.

If Senate Bill 1530 becomes law, takes effect on 91st day following adjournment sine die or on effective date of chapter _____, Oregon Laws 2020 (Enrolled Senate Bill 1530), whichever is later.

A BILL FOR AN ACT

Relating to mitigating fuel costs; creating new provisions; amending sections 34 and 39, chapter _____, Oregon Laws 2020 (Enrolled Senate Bill 1530); and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

CREDIT FOR FUEL USED TO PROPEL

ELIGIBLE MOTOR VEHICLES ON PUBLIC HIGHWAYS

SECTION 1. As used in sections 1 to 5 of this 2020 Act:

(1) **"Eligible motor vehicle"** means a passenger motor vehicle that is powered by fuel.

(2) **"Eligible person"** means an individual who has an adjusted gross income that does not exceed 250 percent of the federal poverty guidelines, based on the individual's household size and household members, and who resides in a regulated area.

(3) **"Fuel"** means:

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

(b) Fuel as defined in ORS 319.520.

(4) **"Median vehicle miles traveled"** means, for a county, the median number of miles traveled, per eligible motor vehicle, by residents of that county using eligible motor vehicles.

(5) **"Metropolitan planning area"** has the meaning given that term in 49 U.S.C. 5303(b).

(6) **"Oregon Greenhouse Gas Initiative"** has the meaning given that term in section 4, chapter _____, Oregon Laws 2020 (Enrolled Senate Bill 1530).

(7) **"Per-gallon carbon price"** means the portion of the price of a gallon of fuel in Oregon that is attributable to the cost to a fuel producer or importer of being regulated under the Oregon Greenhouse Gas Initiative.

(8) **"Regulated area"** means a county, city, or metropolitan planning area for which a covered entity described in section 5 (2)(d), chapter _____, Oregon Laws 2020 (Enrolled Senate Bill 1530), is not the beneficiary of allowances retired under section 13, chapter

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 _____, Oregon Laws 2020 (Enrolled Senate Bill 1530).

2 **SECTION 2.** (1)(a) Not later than August 15 of each year, the Department of Transpor-
3 tation, in consultation with the Office of Greenhouse Gas Regulation, shall prepare an annual
4 estimate of the per-gallon carbon price and, for each regulated area, an annual estimate of:

5 (A) The median vehicle miles traveled for that regulated area; and

6 (B) The median number of gallons of fuel used by an eligible motor vehicle in traveling
7 the median vehicle miles traveled for that regulated area.

8 (b) The annual estimate of the per-gallon carbon price required under paragraph (a) of
9 this subsection shall be expressed in a positive amount of dollars per gallon of fuel.

10 (c) The department may contract with an independent third-party organization to assist
11 in preparing the estimates required under this subsection.

12 (2) Using the estimates prepared under subsection (1) of this section, the department
13 shall develop a schedule that lists for each regulated area the annual per capita credit
14 amount available to each eligible person who is a resident of that regulated area. The annual
15 per capita credit amount shall be computed:

16 (a) To reflect the median number of gallons of fuel used by an eligible motor vehicle in
17 traveling the median vehicle miles traveled for the county, multiplied by the applicable per-
18 gallon carbon price;

19 (b) To closely approximate the carbon price indirectly paid by eligible persons in the
20 regulated area through the purchase of fuel to propel eligible motor vehicles on the public
21 highways; and

22 (c) To reflect any adjustments necessary to account for differences between the total
23 moneys available for issuance of credits during the previous calendar year in the Climate
24 Action Reimbursement Fund established under section 5 of this 2020 Act and the total mon-
25 eys issued as payment of credits during the previous calendar year, if the amount claimed
26 as credits exceeded the total moneys available.

27 (3) Not later than August 15 of each year, the Department of Transportation shall notify
28 the Department of Revenue of, as calculated for each regulated area for the immediately
29 preceding fiscal year:

30 (a) The estimates required under this section; and

31 (b) The annual per capita credit amount available to an eligible person.

32 (4) The Department of Transportation may adopt rules necessary to carry out this sec-
33 tion.

34 **SECTION 3.** (1) Each eligible person may apply for a credit under this section in an
35 amount equal to the annual per capita credit amount for the regulated area in which the
36 eligible person resided as of December 31 of the year for which the credit is applied for, as
37 computed under section 2 of this 2020 Act.

38 (2) The Department of Revenue shall provide a means on the personal income tax return,
39 beginning with returns filed for tax years beginning on or after January 1, 2022, by which
40 an eligible person may apply for the credit. An eligible person may apply for the credit on
41 the return filed by the eligible person for any personal income tax year beginning on or after
42 the date on which the estimate required under section 2 of this 2020 Act is made.

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

45 (4) An eligible person claiming a credit under this section shall provide to the depart-

1 **ment:**

2 (a) **Proof of registration in Oregon, as of December 31 of the year for which the credit**
 3 **is applied for, to the eligible person of at least one eligible motor vehicle; and**

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

5 (5) **The amount of credit allowed under this section shall equal, for residents of each**
 6 **regulated area:**

7 (a) **Twice the amount of the per capita credit amount listed for that regulated area on**
 8 **the schedule developed under section 2 of this 2020 Act, if claimed on a joint return, provided**
 9 **the return includes proof of registration of two eligible motor vehicles; or**

10 (b) **The per capita credit amount listed for that regulated area on the schedule developed**
 11 **under section 2 of this 2020 Act, for credits claimed on all types of personal income tax re-**
 12 **turns other than joint returns.**

13 (6) **In no event may more than twice the per capita credit amount be allowed on the basis**
 14 **of one return, regardless of the number of eligible motor vehicles registered to an eligible**
 15 **person.**

16 (7) **The amounts authorized under this section shall be credited by the department out**
 17 **of the Climate Action Reimbursement Fund established under section 5 of this 2020 Act and**
 18 **in the manner of refund payments in excess of tax liability under ORS chapter 316.**

19 (8) **Amounts received through a credit issued under this section are exempt from per-**
 20 **sonal income taxation under Oregon law.**

21 (9) **Credits allowed under this section do not bear interest.**

22 **SECTION 4. Except as otherwise provided in section 3 of this 2020 Act, or where the**
 23 **context requires otherwise, the provisions of ORS chapters 305 and 314 as to the audit and**
 24 **examination of reports and returns, periods of limitation, determination of and notices of**
 25 **deficiencies, assessments, collections, liens, delinquencies, claims for refund and refunds,**
 26 **conferences, appeals to the Oregon Tax Court, stays of collection pending appeal,**
 27 **confidentiality of returns and the penalties and procedures relative thereto, apply to the de-**
 28 **terminations of taxes, credits, penalties and interest under section 3 of this 2020 Act.**

29 **SECTION 5. The Climate Action Reimbursement Fund is established in the State Treas-**
 30 **ury, separate and distinct from the General Fund. The Climate Action Reimbursement Fund**
 31 **shall consist of moneys transferred to the fund pursuant to section 34, chapter _____,**
 32 **Oregon Laws 2020 (Enrolled Senate Bill 1530). Interest earned by the fund shall be credited**
 33 **to the fund. Moneys in the fund are continuously appropriated to the Department of Revenue**
 34 **to issue credits under section 3 of this 2020 Act and to pay the administrative expenses of**
 35 **the department in connection with implementation and administration of sections 1 to 5 of**
 36 **this 2020 Act.**

37
 38 **REFUND FOR FUEL USED IN CERTAIN FARM**
 39 **OR FOREST ACTIVITIES**
 40

41 **SECTION 6. (1) As used in this section, “fuel,” “regulated area” and “per-gallon carbon**
 42 **price” have the meanings given those terms in section 1 of this 2020 Act.**

43 (2) **A person described in subsection (3) of this section may apply to the Department of**
 44 **Transportation for a refund of the per-gallon carbon price of fuel used for the purposes de-**
 45 **scribed in subsection (3) of this section. The refund allowed under this section shall equal the**

1 number of gallons of fuel delivered into a fuel tank at a delivery point within a regulated area
2 purchased and used by the person during a calendar year, multiplied by the per-gallon carbon
3 price for that calendar year as estimated by the department under section 2 of this 2020 Act.

4 (3) The following persons may apply for the refund allowed under this section for the
5 following uses:

6 (a) A farmer, as defined in ORS 319.320, for fuel used in farming operations in the oper-
7 ation of any motor vehicle on any road, thoroughfare or property in private ownership.

8 (b) Any person, for fuel used in operation of a motor vehicle on any road, thoroughfare
9 or property, other than a state highway, county road or city street, for the removal of forest
10 products as defined in ORS 321.005, or the product of forest products converted to a form
11 other than logs at or near the harvesting site, or when used for the construction or main-
12 tenance of the road, thoroughfare or property, pursuant to a written agreement or permit
13 authorizing the use, construction or maintenance of the road, thoroughfare or property,
14 with:

15 (A) An agency of the United States;

16 (B) The State Board of Forestry;

17 (C) The State Forester; or

18 (D) A licensee of an agency named in this paragraph.

19 (c) Any person, for fuel used in operation of a motor vehicle on any county road for the
20 removal of forest products as defined in ORS 321.005, or the products of forest products
21 converted to a form other than logs at or near the harvesting site, if:

22 (A) The use of the county road is pursuant to a written agreement entered into with the
23 State Board of Forestry, the State Forester or an agency of the United States, authorizing
24 the person to use the road and requiring the person to pay for or to perform the con-
25 struction or maintenance of the county road;

26 (B) The board, officer or agency that entered into the agreement or granted the permit,
27 by contract with the county court or board of county commissioners, has assumed the re-
28 sponsibility for the construction or maintenance of the county road; and

29 (C) Copies of the agreements or permits required by this subsection are filed with the
30 Director of Transportation.

31 (4) An application for a refund under this section shall be in a form prescribed by the
32 department by rule and must include a statement, signed by the applicant under penalties
33 for false swearing, that sets forth the number of gallons of fuel proposed under subsection
34 (2) of this section as the basis for computing the amount of the refund. An application for
35 a refund under this section must be filed with the department within 15 months after the
36 date of purchase of fuel described under subsection (2) of this section as the basis for com-
37 puting the amount of the refund.

38 (5)(a) The department may investigate a refund application submitted under this section
39 and gather and compile such information related to the application as the department con-
40 siders necessary.

41 (b) The department may examine the relevant records of the applicant in order to es-
42 tablish the validity of an application.

43 (c) If an applicant does not permit the department to examine the relevant records, the
44 applicant waives all rights to the refund to which the application relates.

45 (6)(a) The department shall reject or approve an application for a refund submitted under

1 **this section.**

2 (b) **The department may allow the applicant to modify an application without refiling to**
 3 **any reasonable extent necessary for approval of the application.**

4 (c) **If the department rejects an application, the department shall notify the applicant and**
 5 **explain the reasons for the rejection. An applicant may request review of a rejection in the**
 6 **manner prescribed for a contested case under ORS chapter 183.**

7 (d) **If the department approves an application, the department shall notify the applicant**
 8 **and issue payment of the refund.**

9 (7) **The refunds authorized under this section shall be paid by the department out of the**
 10 **Farm and Forest Climate Action Reimbursement Fund established under section 7 of this**
 11 **2020 Act.**

12 (8) **The refunds available under this section shall be in addition to and not in lieu of any**
 13 **other refund available pursuant to ORS 319.320 or 319.831.**

14 (9) **Amounts received through a refund issued under this section are exempt from per-**
 15 **sonal income taxation under Oregon law.**

16 (10) **Refunds allowed under this section do not bear interest.**

17 (11) **The department may adopt rules necessary to carry out this section.**

18 **SECTION 7. (1) The Farm and Forest Climate Action Reimbursement Fund is established**
 19 **in the State Treasury, separate and distinct from the General Fund. Interest earned by the**
 20 **Farm and Forest Climate Action Reimbursement Fund shall be credited to the fund. Moneys**
 21 **in the fund are continuously appropriated to the Department of Transportation to issue re-**
 22 **funds under section 6 of this 2020 Act and to pay the administrative expenses of the depart-**
 23 **ment in connection with implementation and administration of section 6 of this 2020 Act.**

24 (2) **The Farm and Forest Climate Action Reimbursement Fund shall consist of:**

25 (a) **Moneys transferred to the fund pursuant to section 34, chapter _____, Oregon Laws**
 26 **2020 (Enrolled Senate Bill 1530);**

27 (b) **Moneys allocated from the Climate Investments Fund established under section 39,**
 28 **chapter _____, Oregon Laws 2020 (Enrolled Senate Bill 1530);**

29 (c) **Funds appropriated by the Legislative Assembly; and**

30 (d) **Any moneys deposited in the fund from any other public or private source.**

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 32 **TRANSPORTATION DECARBONIZATION INVESTMENTS ACCOUNT AMENDMENTS**

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 34 **SECTION 8.** **If Senate Bill 1530 becomes law, section 34, chapter _____, Oregon Laws 2020**
 35 **(Enrolled Senate Bill 1530), is amended to read:**

36 **Sec. 34. (1) The Transportation Decarbonization Investments Account is established as a sepa-**
 37 **rate account within the State Highway Fund. The account consists of moneys deposited in the ac-**
 38 **count under sections 28 and 29, chapter _____, Oregon Laws 2020 (Enrolled Senate Bill 1530)**
 39 **[of this 2020 Act]. Interest earned by the account shall be credited to the account.**

40 (2) **Moneys in the account are continuously appropriated to the Department of Transportation:**

41 (a) **For any necessary administration by the department of sections 2, 4 to 32, 33 to 37, 41 and**
 42 **43, chapter _____, Oregon Laws 2020 (Enrolled Senate Bill 1530); [of this 2020 Act; and]**

43 (b) **For the purposes described in subsection (4)(a) of this section; and**

44 [(b)] (c) **To be distributed for transportation projects pursuant to sections 33 to 37,**
 45 **chapter _____, Oregon Laws 2020 (Enrolled Senate Bill 1530) [of this 2020 Act].**

1 (3) A transportation project may not be funded with moneys distributed from the account unless:

2 (a) The transportation project furthers one or more of the purposes set forth in section 2,
3 **chapter _____, Oregon Laws 2020 (Enrolled Senate Bill 1530)** [of this 2020 Act]; and

4 (b) The transportation project may be constitutionally funded by revenues described in Article
5 IX, section 3a, of the Oregon Constitution.

6 (4)(a) Of the moneys available in the account for distribution each biennium, **the department**
7 **shall:**

8 **(A) First, transfer 30 percent to the Climate Action Reimbursement Fund established**
9 **under section 5 of this 2020 Act; and**

10 **(B) Second, transfer an amount to the Farm and Forest Climate Action Reimbursement**
11 **Fund established under section 7 of this 2020 Act necessary to pay the refunds authorized**
12 **under section 6 of this 2020 Act for which moneys in the Transportation Decarbonization**
13 **Investments Account may constitutionally be used.**

14 **(b) Of the moneys available each biennium after meeting the requirements of paragraph**
15 **(a) of this subsection:**

16 [(a)] **(A) 20 percent shall be used by the department for transportation projects selected by the**
17 **Oregon Transportation Commission pursuant to section 35, chapter _____, Oregon Laws 2020**
18 **(Enrolled Senate Bill 1530)** [of this 2020 Act]; and

19 [(b)] **(B) 80 percent shall be distributed by the commission to local governments under section**
20 **36, chapter _____, Oregon Laws 2020 (Enrolled Senate Bill 1530), [of this 2020 Act]** for imple-
21 mentation, including planning for implementation, of metropolitan climate plans.

22 (5) The amount of moneys distributed to plan for implementation of metropolitan climate plans
23 under subsection [(4)(b)] **(4)(b)(B)** of this section may not exceed one percent of the amount of
24 moneys [deposited in the account each biennium] **available each biennium after meeting the re-**
25 **quirements of subsection (4)(a) of this section.**

26 (6) Examples of uses of moneys [deposited in the account] **pursuant to subsection (4)(b) of this**
27 **section** may include, but are not limited to, uses related to:

28 (a) Enhancing roadway drainage, improving slope stability, investment in the safe routes to
29 schools program established under ORS 184.741, the repower, retrofit or replacement of certain
30 diesel engines, reducing vehicle miles traveled through bike, pedestrian or other multimodal im-
31 provements and traffic signal optimization; and

32 (b) Increasing the resilience of transportation infrastructure and evacuation routes against the
33 effects of climate change, extreme precipitation, sea level rise and extreme temperatures and
34 wildfires.

35 (7) Expenditures [from the account] **under subsection (4)(b) of this section** shall, to the extent
36 feasible and consistent with law, be in addition to and not in replacement of any existing allocation
37 or appropriation for transportation projects.

38 (8) The commission may adopt rules as necessary for the administration and implementation of
39 sections 33 to 37, **chapter _____, Oregon Laws 2020 (Enrolled Senate Bill 1530)** [of this 2020
40 Act].

41 **CLIMATE INVESTMENTS FUND AMENDMENTS**

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44 **SECTION 9.** If Senate Bill 1530 becomes law, section 39, chapter _____, Oregon Laws 2020
45 (Enrolled Senate Bill 1530), is amended to read:

OPERATIVE DATE

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SECTION 11. (1) Sections 1 to 7 of this 2020 Act and the amendments to sections 34 and 39, chapter _____, Oregon Laws 2020 (Enrolled Senate Bill 1530), by sections 8 and 9 of this 2020 Act become operative on January 1, 2022.

(2) The Department of Transportation and the Department of Revenue may adopt rules or take any actions before the operative date specified in subsection (1) of this section that are necessary to enable the departments, on and after the operative date specified in subsection (1) of this section, to carry out the provisions of sections 1 to 7 of this 2020 Act and the amendments to sections 34 and 39, chapter _____, Oregon Laws 2020 (Enrolled Senate Bill 1530), by sections 8 and 9 of this 2020 Act.

EFFECTIVE DATE

SECTION 12. This 2020 Act does not take effect unless Senate Bill 1530 becomes law.

SECTION 13. If Senate Bill 1530 becomes law, this 2020 Act takes effect on the later of:

(1) The 91st day after the date on which the 2020 regular session of the Eightieth Legislative Assembly adjourns sine die; or

(2) The effective date of chapter _____, Oregon Laws 2020 (Enrolled Senate Bill 1530).