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

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

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

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

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

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

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

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

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

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

(a) The estimates required under this section; and

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

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

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

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

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

(4) An eligible person claiming a credit under this section shall provide to the depart-
(a) Proof of registration in Oregon, as of December 31 of the year for which the credit is applied for, to the eligible person of at least one eligible motor vehicle; and
(b) Any other information required by the department by rule.

(5) The amount of credit allowed under this section shall equal, for residents of each regulated area:
   (a) Twice the amount of the per capita credit amount listed for that regulated area on the schedule developed under section 2 of this 2020 Act, if claimed on a joint return, provided the return includes proof of registration of two eligible motor vehicles; or
   (b) The per capita credit amount listed for that regulated area on the schedule developed under section 2 of this 2020 Act, for credits claimed on all types of personal income tax returns other than joint returns.

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

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

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

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

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

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

REFUND FOR FUEL USED IN CERTAIN FARM OR FOREST ACTIVITIES

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

(2) A person described in subsection (3) of this section may apply to the Department of Transportation for a refund of the per-gallon carbon price of fuel used for the purposes described in subsection (3) of this section. The refund allowed under this section shall equal the
number of gallons of fuel delivered into a fuel tank at a delivery point within a regulated area purchased and used by the person during a calendar year, multiplied by the per-gallon carbon price for that calendar year as estimated by the department under section 2 of this 2020 Act.

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

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

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

(A) An agency of the United States;

(B) The State Board of Forestry;

(C) The State Forester; or

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

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

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

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

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

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

(5)(a) The department may investigate a refund application submitted under this section and gather and compile such information related to the application as the department considers necessary.

(b) The department may examine the relevant records of the applicant in order to establish the validity of an application.

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

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

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

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

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

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

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

(9) Amounts received through a refund issued under this section are exempt from personal income taxation under Oregon law.

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

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

SECTION 7. (1) The Farm and Forest Climate Action Reimbursement Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Farm and Forest Climate Action Reimbursement Fund shall be credited to the fund. Moneys in the fund are continuously appropriated to the Department of Transportation to issue refunds under section 6 of this 2020 Act and to pay the administrative expenses of the department in connection with implementation and administration of section 6 of this 2020 Act.

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

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

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

(c) Funds appropriated by the Legislative Assembly; and

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

TRANSPORTATION DECARBONIZATION INVESTMENTS ACCOUNT AMENDMENTS

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

Sec. 34. (1) The Transportation Decarbonization Investments Account is established as a separate account within the State Highway Fund. The account consists of moneys deposited in the account under sections 28 and 29, chapter ________, Oregon Laws 2020 (Enrolled Senate Bill 1530) [of this 2020 Act]. Interest earned by the account shall be credited to the account.

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

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

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

[(b)] (c) To be distributed for transportation projects pursuant to sections 33 to 37, chapter ________, Oregon Laws 2020 (Enrolled Senate Bill 1530) [of this 2020 Act].
(3) A transportation project may not be funded with moneys distributed from the account unless:
   (a) The transportation project furthers one or more of the purposes set forth in section 2, chapter ______, Oregon Laws 2020 (Enrolled Senate Bill 1530) [of this 2020 Act]; and
   (b) The transportation project may be constitutionally funded by revenues described in Article IX, section 3a, of the Oregon Constitution.

(4)(a) Of the moneys available in the account for distribution each biennium, the department shall:
   (A) First, transfer 30 percent to the Climate Action Reimbursement Fund established under section 5 of this 2020 Act; and
   (B) Second, transfer an amount to the Farm and Forest Climate Action Reimbursement Fund established under section 7 of this 2020 Act necessary to pay the refunds authorized under section 6 of this 2020 Act for which moneys in the Transportation Decarbonization Investments Account may constitutionally be used.

   (b) Of the moneys available each biennium after meeting the requirements of paragraph (a) of this subsection:
      [(a)] (A) 20 percent shall be used by the department for transportation projects selected by the Oregon Transportation Commission pursuant to section 35, chapter ______, Oregon Laws 2020 (Enrolled Senate Bill 1530) [of this 2020 Act]; and
      [(b)] (B) 80 percent shall be distributed by the commission to local governments under section 36, chapter ______, Oregon Laws 2020 (Enrolled Senate Bill 1530), [of this 2020 Act] for implementation, including planning for implementation, of metropolitan climate plans.

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

(6) Examples of uses of moneys [deposited in the account] pursuant to subsection (4)(b) of this section may include, but are not limited to, uses related to:
   (a) Enhancing roadway drainage, improving slope stability, investment in the safe routes to schools program established under ORS 184.741, the repower, retrofit or replacement of certain diesel engines, reducing vehicle miles traveled through bike, pedestrian or other multimodal improvements and traffic signal optimization; and
   (b) Increasing the resilience of transportation infrastructure and evacuation routes against the effects of climate change, extreme precipitation, sea level rise and extreme temperatures and wildfires.

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

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

**CLIMATE INVESTMENTS FUND AMENDMENTS**

**SECTION 9.** If Senate Bill 1530 becomes law, section 39, chapter ______, Oregon Laws 2020 (Enrolled Senate Bill 1530), is amended to read:
Sec. 39. (1) The Climate Investments Fund is established in the State Treasury, separate and distinct from the General Fund. The Climate Investments Fund shall consist of moneys deposited in the fund under sections 28 and 29, chapter ______, Oregon Laws 2020 (Enrolled Senate Bill 1530) [of this 2020 Act]. Interest earned by the fund shall be credited to the fund.

(2) Moneys in the fund are continuously appropriated to the Office of Greenhouse Gas Regulation to be distributed by the Oregon Greenhouse Gas Reduction Board for use for programs, projects and activities that further one or more of the purposes set forth in section 2, chapter ______, Oregon Laws 2020 (Enrolled Senate Bill 1530) [of this 2020 Act].

(3) Subject to subsection (2) of this section, the board shall distribute the moneys deposited in the fund each biennium as follows:

(a) An amount shall first be allocated for deposit in the Farm and Forest Climate Action Reimbursement Fund established under section 7 of this 2020 Act as necessary for the payment of refunds authorized under section 6 of this 2020 Act that may not be paid with moneys deposited in the Transportation Decarbonization Investments Account established under section 34, chapter ______, Oregon Laws 2020 (Enrolled Senate Bill 1530).

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

[A] 10 percent shall be distributed for uses that directly benefit eligible Indian tribes;

[B] 25 percent shall be distributed to the Oregon Watershed Enhancement Board for uses that benefit natural and working lands;

[C] 25 percent shall be distributed to the State Forestry Department for wildfire mitigation efforts, including but not limited to projects under the Good Neighbor Authority Agreement, as that term is defined in ORS 526.275, and as informed by the recommendations of any council formed by the Governor to address wildfire response;

[D] 20 percent shall be distributed to local governments, as that term is defined in ORS 174.116, for programs, projects and activities that further one or more of the purposes set forth in section 2, chapter ______, Oregon Laws 2020 (Enrolled Senate Bill 1530) [of this 2020 Act], with a priority given to programs, projects and activities that reduce greenhouse gas emissions; and

[E] 20 percent shall be distributed to agencies of state government for programs, projects and activities that further one or more of the purposes set forth in section 2, chapter ______, Oregon Laws 2020 (Enrolled Senate Bill 1530) [of this 2020 Act], with a priority given to programs, projects and activities that reduce greenhouse gas emissions.

(4) In addition to and not in lieu of the requirements set forth in subsection [(3)] (3)(b) of this section, the Oregon Greenhouse Gas Reduction Board shall endeavor to distribute the majority of the moneys deposited in the fund each biennium for uses that benefit impacted communities.

(5) Distributions [from the fund] under subsection (3)(b) of this section shall, to the maximum extent feasible and consistent with law, be in addition to and not in replacement of any existing allocations or appropriations for programs, projects and activities.

CAPTIONS

SECTION 10. The unit captions used in this 2020 Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2020 Act.
OPERATIVE DATE

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).