

HB 2034 STAFF MEASURE SUMMARY

Joint Committee On Transportation

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/2

WHAT THE MEASURE DOES:

Removes the sunset on the temporary increase in aviation fuel and jet fuel taxes imposed by House Bill 2075 (2015). Restructures distribution of aircraft fuel tax revenues that provide funding for airports and aviation-related businesses under the Aviation System Action Program. Permits Department of Aviation to enter into commercial arrangements for terms of up to 50 years. Takes effect on 91st day following adjournment sine die.

NOTE: *Measure has subsequent referral to the Committee on Ways and Means*

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

House Bill 2075 (2015) instituted a temporary two-cent increase on fuels used in aviation, effective January 1, 2016, and with a sunset date of January 1, 2022. The measure increased the tax on aviation gasoline from nine cents to 11 cents per gallon, and the tax on jet fuel from one cent to three cents per gallon. Moneys raised by the fuel tax increases were to be disbursed through three grant programs as follows: 50 percent for aviation projects and for matching funds for grants from the Federal Aviation Administration (FAA), as well as grants for emergency assistance; 25 percent for creating and maintaining air service linking rural communities with commercial hubs; and 25 percent for state airports to use on safety and infrastructure projects. The Department of Aviation was authorized to keep five percent of revenues for administration of the program.

Through February 2020, the three grant programs distributed a total of 98 grants for a total of more than \$10.5 million, with the bulk distributed through the Critical Oregon Airport Relief (COAR) program (\$5.16 million) and State Owned Airports Reserve (SOAR) program (\$4.8 million), and a lesser amount to the Rural Oregon Aviation Relief (ROAR) program (\$613,000).

House Bill 2034 removes the sunset on the two-cent increases in aviation and jet fuel, making these permanent funding streams. The measure also consolidates and reorganizes the three grant programs while maintaining the general goals of all three programs. Finally, House Bill 2034 authorizes the Department of Aviation to enter into longer agreements of 50 years for commercial arrangements than its current limit of 30 years, which becomes the limit for non-commercial arrangements.