

D R A F T

SUMMARY

Increases aircraft fuel tax to 11 cents per gallon for aircraft fuels other than fuel usable by turbine engines. Directs revenue generated by increase in tax rate to be used for deferred maintenance of certain airports and operations of Oregon Department of Aviation.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to aircraft fuel; creating new provisions; amending ORS 319.020, 319.330 and 366.739; and prescribing an effective date; and providing for revenue raising that requires approval by a three-fifths majority.

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

SECTION 1. ORS 319.020 is amended to read:

319.020. (1) Subject to subsections (2) to (4) of this section, in addition to the taxes otherwise provided for by law, every dealer engaging in the dealer's own name, or in the name of others, in the first sale, use or distribution of motor vehicle fuel or aircraft fuel or withdrawal of motor vehicle fuel or aircraft fuel for sale, use or distribution within areas in this state within which the state lacks the power to tax the sale, use or distribution of motor vehicle fuel or aircraft fuel, shall:

(a) Not later than the 25th day of each calendar month, render a statement to the Department of Transportation of all motor vehicle fuel or aircraft fuel sold, used, distributed or so withdrawn by the dealer in the State of Oregon as well as all such fuel sold, used or distributed in this state by a purchaser thereof upon which sale, use or distribution the dealer has assumed liability for the applicable license tax during the preceding calendar

1 month. The dealer shall render the statement to the department in the manner provided by the department by rule.

3 (b) Except as provided in ORS 319.270, pay a license tax computed on the basis of 30 cents per gallon on the first sale, use or distribution of such motor vehicle fuel or aircraft fuel so sold, used, distributed or withdrawn as shown by such statement in the manner and within the time provided in ORS 319.010 to 319.430.

8 (2) When aircraft fuel is sold, used or distributed by a dealer, the license tax shall be computed on the basis of [*nine cents*] **11 cents** per gallon of fuel so sold, used or distributed, except that when aircraft fuel usable in aircraft operated by turbine engines (turbo-prop or jet) is sold, used or distributed, the tax rate shall be one cent per gallon.

13 (3) In lieu of claiming refund of the tax paid on motor vehicle fuel consumed by such dealer in nonhighway use as provided in ORS 319.280, 319.290 and 319.320, or of any prior erroneous payment of license tax made to the state by such dealer, the dealer may show such motor vehicle fuel as a credit or deduction on the monthly statement and payment of tax.

18 (4) The license tax computed on the basis of the sale, use, distribution or withdrawal of motor vehicle or aircraft fuel may not be imposed wherever such tax is prohibited by the Constitution or laws of the United States with respect to such tax.

22 **SECTION 2.** ORS 319.330 is amended to read:

23 319.330. (1) Whenever any statement and invoices are presented to the Department of Transportation showing that motor vehicle fuel or aircraft fuel has been purchased and used in operating aircraft engines and upon which the full tax for motor vehicle fuel has been paid, the department shall refund the tax paid, but only after deducting from the tax paid [*nine cents*] **11 cents** for each gallon of such fuel so purchased and used, except that when such fuel is used in operating aircraft turbine engines (turbo-prop or jet) the deduction shall be one cent for each gallon. No deduction provided under this subsection shall be made on claims presented by the United States

1 or on claims presented where a satisfactory showing has been made to the
2 department that such aircraft fuel has been used solely in aircraft operations
3 from a point within the State of Oregon directly to a point not within any
4 state of the United States. The amount so deducted shall be paid on warrant
5 of the Oregon Department of Administrative Services to the State Treasurer,
6 who shall credit the amount to the State Aviation Account for the purpose
7 of carrying out the provisions of the state aviation law. Moneys credited to
8 the account under this section are continuously appropriated to the Oregon
9 Department of Aviation.

10 (2) If satisfactory evidence is presented to the Department of Transporta-
11 tion showing that aircraft fuel upon which the tax has been paid has been
12 purchased and used solely in aircraft operations from a point within the
13 State of Oregon directly to a point not within any state of the United States,
14 the department shall refund the tax paid.

15 **SECTION 3. Section 4 of this 2013 Act is added to and made a part**
16 **of ORS chapter 836.**

17 **SECTION 4. (1) The Oregon Department of Aviation shall distribute**
18 **in the manner prescribed in subsection (2) of this section:**

19 (a) Any amount of tax on aircraft fuel, other than aircraft fuel us-
20 able in aircraft operated by turbine engines, that is computed on a
21 basis in excess of nine cents per gallon, under ORS 319.020 (2); and

22 (b) Any amount of tax on aircraft fuel, other than aircraft fuel us-
23 able in aircraft operated by turbine engines, in excess of nine cents
24 per gallon, that is deducted before the refunding of tax under ORS
25 319.330 (1).

26 (2) The amounts described in subsection (1) of this section shall be
27 used for the purposes of:

28 (a) Deferred maintenance of state-owned airports that are not
29 federally funded; and

30 (b) Ongoing operations of the department.

31 **SECTION 5. ORS 366.739 is amended to read:**

6 **SECTION 6.** (1) The amendments to ORS 319.020 by section 1 of this
7 **2013 Act apply to aircraft fuel sold, used or distributed on or after the**
8 **effective date of this 2013 Act.**

12 **SECTION 7. This 2013 Act takes effect on the 91st day after the date**
13 **on which the 2013 regular session of the Seventy-seventh Legislative**
14 **Assembly adjourns sine die.**