

# House Bill 2075

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue)

## 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**.

Increases aircraft fuel taxes. Directs revenue generated by increase in tax rate to be used for certain purposes related to air service and airport maintenance. Authorizes Oregon Department of Aviation to retain portion of funds for management expenses of department.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to aircraft fuel; creating new provisions; amending ORS 319.020, 319.330 and 837.035; pre-  
3 scribing an effective date; and providing for revenue raising that requires approval by a three-  
4 fifths majority.

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

6 **SECTION 1.** ORS 319.020 is amended to read:

7 319.020. (1) Subject to subsections (2) to (4) of this section, in addition to the taxes otherwise  
8 provided for by law, every dealer engaging in the dealer's own name, or in the name of others, in  
9 the first sale, use or distribution of motor vehicle fuel or aircraft fuel or withdrawal of motor vehicle  
10 fuel or aircraft fuel for sale, use or distribution within areas in this state within which the state  
11 lacks the power to tax the sale, use or distribution of motor vehicle fuel or aircraft fuel, shall:

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13 of Transportation of all motor vehicle fuel or aircraft fuel sold, used, distributed or so withdrawn  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

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20 distributed or withdrawn as shown by such statement in the manner and within the time provided  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

22 (2) When aircraft fuel is sold, used or distributed by a dealer, the license tax shall be computed  
23 on the basis of [*nine*] **13** cents per gallon of fuel so sold, used or distributed, except that when air-  
24 craft fuel usable in aircraft operated by turbine engines (turbo-prop or jet) is sold, used or distrib-  
25 uted, the tax rate shall be [*one cent*] **five cents** per gallon.

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

30 (4) The license tax computed on the basis of the sale, use, distribution or withdrawal of motor

**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 vehicle or aircraft fuel may not be imposed wherever such tax is prohibited by the Constitution or  
 2 laws of the United States with respect to such tax.

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

4 319.330. (1) Whenever any statement and invoices are presented to the Department of Trans-  
 5 portation showing that motor vehicle fuel or aircraft fuel has been purchased and used in operating  
 6 aircraft engines and upon which the full tax for motor vehicle fuel has been paid, the department  
 7 shall refund the tax paid, but only after deducting from the tax paid [*nine*] **13 cents** for each gallon  
 8 of such fuel so purchased and used, except that when such fuel is used in operating aircraft turbine  
 9 engines (turbo-prop or jet) the deduction shall be [*one cent*] **five cents** for each gallon. No deduction  
 10 provided under this subsection shall be made on claims presented by the United States or on claims  
 11 presented where a satisfactory showing has been made to the department that such aircraft fuel has  
 12 been used solely in aircraft operations from a point within the State of Oregon directly to a point  
 13 not within any state of the United States. The amount so deducted shall be paid on warrant of the  
 14 Oregon Department of Administrative Services to the State Treasurer, who shall credit the amount  
 15 to the State Aviation Account for the purpose of carrying out the provisions of the state aviation  
 16 law. Moneys credited to the account under this section are continuously appropriated to the Oregon  
 17 Department of Aviation.

18 (2) If satisfactory evidence is presented to the Department of Transportation showing that air-  
 19 craft fuel upon which the tax has been paid has been purchased and used solely in aircraft oper-  
 20 ations from a point within the State of Oregon directly to a point not within any state of the United  
 21 States, the department shall refund the tax paid.

22 **SECTION 3.** Section 4 of this 2015 Act is added to and made a part of ORS chapter 836.

23 **SECTION 4.** (1) The Oregon Department of Aviation shall distribute in the manner pre-  
 24 scribed in this section:

25 (a) Any amount of tax on aircraft fuel usable in aircraft operated by turbine engines that  
 26 is computed on a basis in excess of one cent per gallon and any amount of tax on all other  
 27 aircraft fuel that is computed on a basis in excess of nine cents per gallon, under ORS 319.020  
 28 (2); and

29 (b) Any amount of tax on aircraft fuel usable in aircraft operated by turbine engines in  
 30 excess of one cent per gallon and any amount of tax on all other aircraft fuel in excess of  
 31 nine cents per gallon, that is deducted before the refunding of tax under ORS 319.330 (1).

32 (2) Of the amounts described in subsection (1) of this section:

33 (a) 20 percent must be used for the purpose of creating and maintaining commercial air  
 34 service linking rural communities with commercial hubs.

35 (b) 20 percent must be used as follows:

36 (A) A percentage of the 20 percent, determined by the department by rule, must be paid  
 37 over and deposited, and used by the Office of Emergency Management, in the manner pre-  
 38 scribed in ORS 837.035; and

39 (B) The remainder of the 20 percent must be used by the department to:

40 (i) Outfit airports as emergency management resources; and

41 (ii) Make grants under the Financial Aid to Municipalities Grant Program.

42 (c) 20 percent must be used to provide funding for aviation-related economic develop-  
 43 ment.

44 (d) 20 percent must be used to assist municipal, county and port recipients of Federal  
 45 Aviation Administration Airport Improvement Program grants with local match require-

1 **ments.**

2 (e) **20 percent must be used for the purposes of maintenance and safety improvements**  
 3 **at airports that are not federally funded.**

4 (3) **The department may retain five percent of all funds distributed pursuant to sub-**  
 5 **section (2) of this section for the management expenses of the department.**

6 **SECTION 5.** ORS 837.035 is amended to read:

7 837.035. (1) All moneys received by the Oregon Department of Aviation for the registration of  
 8 pilot licenses as prescribed in ORS 837.020 **and pursuant to section 4 (2)(b)(A) of this 2015 Act**  
 9 shall be paid by the department to the State Treasurer, who shall deposit *[it]* **the moneys** in the  
 10 General Fund to a special account to be known as the Aviation Search and Rescue Account.

11 (2) The *[money]* **moneys** in the account established under this section shall be used by the Of-  
 12 fice of Emergency Management only for the following purposes or as otherwise provided by law:

13 *[(1)]* (a) *[Such amount as may be necessary shall be used for the]* Payment of all **necessary** ex-  
 14 penses incurred by the Office of Emergency Management in conducting activities authorized under  
 15 ORS 404.105 to search for lost planes and lost persons, the rescue of lost persons, pilot survival  
 16 education and training and all other expenses directly attributable to the search and rescue  
 17 program;

18 (b) *[and for the]* Payment of **the necessary** expenses of the Oregon Department of Aviation re-  
 19 lating to the registration of pilot licenses*].*; **and**

20 (c) **To provide insurance to compensate any member of a volunteer air search and rescue**  
 21 **organization for injuries or loss of life sustained in the scope of performing air search and**  
 22 **rescue operations while under the direction of the office.**

23 (3) *[The Oregon Department of Administrative Services,]* After approval of claims for the ex-  
 24 penses *[referred to in this subsection]* **allowable under subsection (2)(a) and (b) of this section,**  
 25 **the Oregon Department of Administrative Services** shall draw warrants on the State Treasurer  
 26 for the payment *[thereof]* **of the expenses,** payable out of the Aviation Search and Rescue Account.

27 *[(2)]* (4)(a) *[The Office of Emergency Management may use moneys from the Aviation Search and*  
 28 *Rescue Account to provide insurance to compensate any member of a volunteer air search and rescue*  
 29 *organization for injuries or loss of life sustained in the scope of performing air search and rescue op-*  
 30 *erations while under the direction of the office. The]* Insurance **authorized under subsection (2)(c)**  
 31 **of this section** may be obtained from a public or private insurer.

32 (b) The scope, coverage and benefits provided under the insurance *[shall]* **may** not exceed  
 33 *[those]* **the scope, coverage and benefits** provided for persons under ORS chapter 656.

34 (c) If the insurance is provided, the coverage provided by the insurance:

35 *[(a)]* (A) *[Shall]* **Must** include all volunteer members accepted by the Office of Emergency  
 36 Management.

37 *[(b)]* (B) Regardless of negligence, is the exclusive remedy of a member of the Office of Emer-  
 38 gency Management air search and rescue organization against the State of Oregon, the office or any  
 39 other person acting under the authority or direction of the office for those injuries or losses re-  
 40 sulting from the air search and rescue activities.

41 **SECTION 6.** (1) **The amendments to ORS 319.020 by section 1 of this 2015 Act apply to**  
 42 **aircraft fuel sold, used or distributed on or after the effective date of this 2015 Act.**

43 (2) **The amendments to ORS 319.330 by section 2 of this 2015 Act apply to fuel purchased**  
 44 **and used in operating aircraft engines on or after the effective date of this 2015 Act.**

45 **SECTION 7.** **This 2015 Act takes effect on the 91st day after the date on which the 2015**

1 **regular session of the Seventy-eighth Legislative Assembly adjourns sine die.**

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