

# Funding for general aviation



**HB2402**

Aviation fuel tax

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# General Aviation in Oregon is Underfunded

History

Reliance on aviation fuel tax

## Funding circa 2014

**9 cents** /gal avgas piston fuel tax

**1 cent** /gallon turbine fuel tax - for 50 years

Connect Oregon declining (now gone)

**ORAVI looked at aviation's needs →**

# 2015 Session

History



2015 Session Testimony

## HB2075

- 100% yes vote at all committees
- 90% vote on the floor
- \$3.5 Million per year

6 year sunset

2 cent increase

78th OREGON LEGISLATIVE ASSEMBLY—2015 Regular Session

**Enrolled**  
**House Bill 2075**

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

CHAPTER .....

AN ACT

Relating to aircraft fuel; creating new provisions; amending ORS 319.020 and 319.330; 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statement to the Department of Transportation of all motor vehicle fuel or aircraft fuel sold, used, distributed or so withdrawn by the dealer in the State of Oregon as well as all such fuel sold, used or distributed in this state by a purchaser thereof upon which sale, use or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 month. The dealer shall render the statement to the department in the manner provided by the department by rule.

(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gallon on the first sale, use or distribution of such motor vehicle fuel or aircraft fuel so sold, used, distributed or withdrawn as shown by such statement in the manner and within the time provided in ORS 319.010 to 319.430.

(2) When aircraft fuel is sold, used or distributed by a dealer, the license tax shall be computed on the basis of [nine] 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] three cents per gallon.

(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.

(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.

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

## Results of HB2075 to date

2015 to March 2019



- 10/90% match FAA funding brought into the state
- Runway, taxiway improvements, maintenance
- Infrastructure projects
- Beginning of a rural air plan
- Enhanced local rural economies

\$107,000,000 Total Projects

\$17,000,000 Oregon fuel tax match

**\$90,000,000 FAA funds leveraged**

## A few airport project examples

\$1.7M Baker City - Apron reconstruction, snow removal

\$1.2M Florence - Runway and lighting

\$3.6M John Day Grant County - Apron reconstruction

\$4.8M Astoria - Taxiway and ramp reconstruction

\$6.6M Klamath Falls – Taxiway rehabilitation

\$3.1M Madras -Taxiway construction

\$1.0M Hood River – Construction

\$2.0M Grants Pass – Taxiway construction

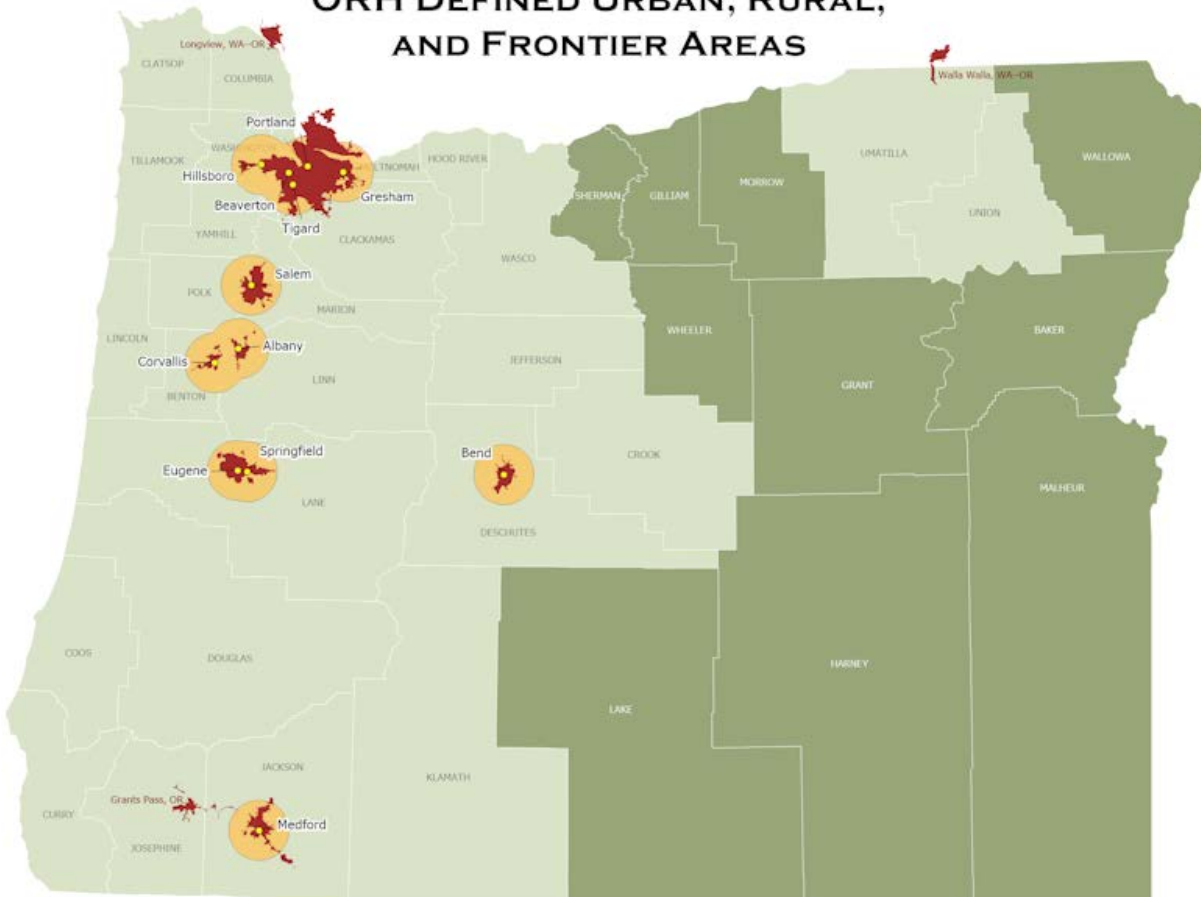


FAA matched 90%

# A look at Oregon Airports

## Airports

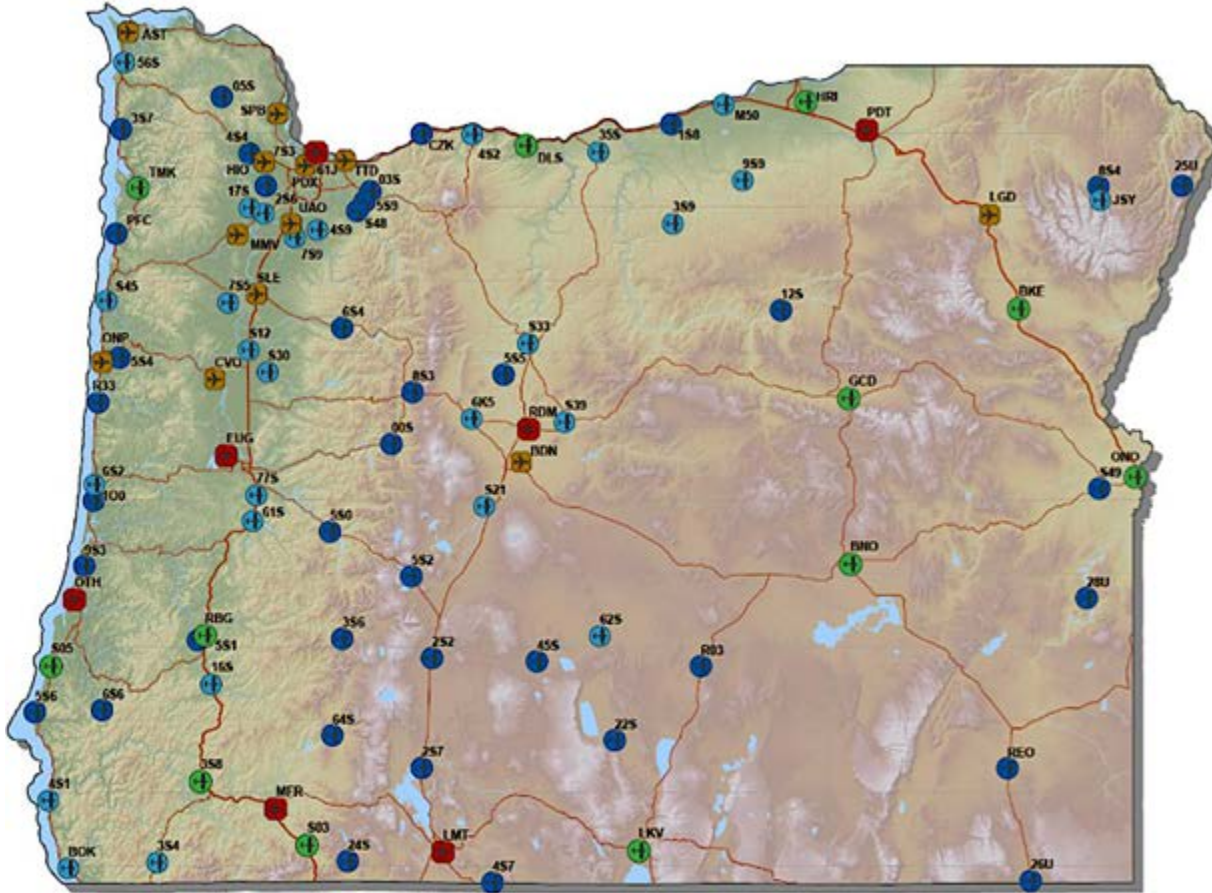
### ORH DEFINED URBAN, RURAL, AND FRONTIER AREAS



- 4 major
- 2 commuter
- 400+ total
- 370 Private
- 97 Public use
- 28 State owned
- 57 NPIAS  
National Plan of Integrated Airport Systems



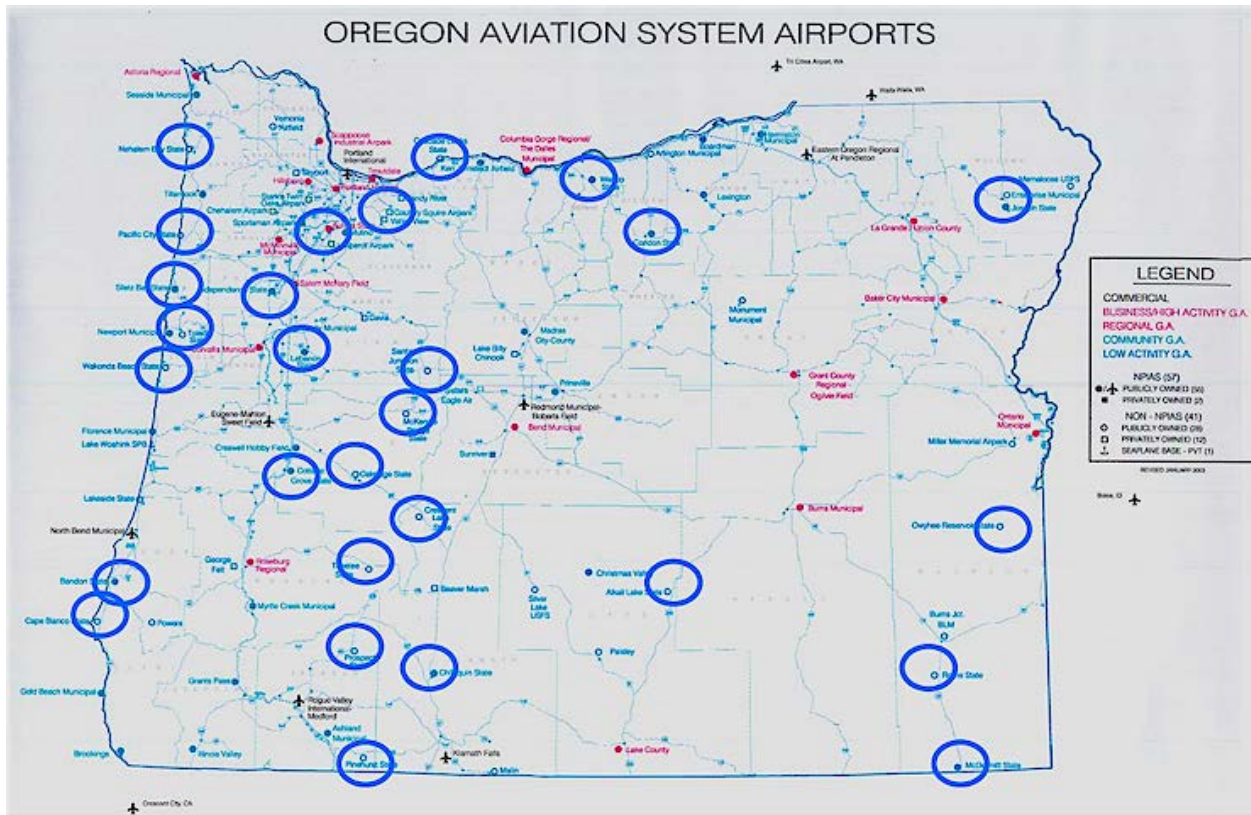
# 97 Public Use Airport Operations



Category I Category II Category III Category IV Category V

- LifeFlight
- AngelFlight
- Firefighting
- Flight Training
- Emergency preparedness
- Tourism
- Package delivery
- Medical sample delivery
- Business aircraft
- Private aircraft
- Airport businesses

# 28 State Owned Airports



## 28 airports

Owned and managed by Oregon Department of Aviation (ODA)

## 69 airports

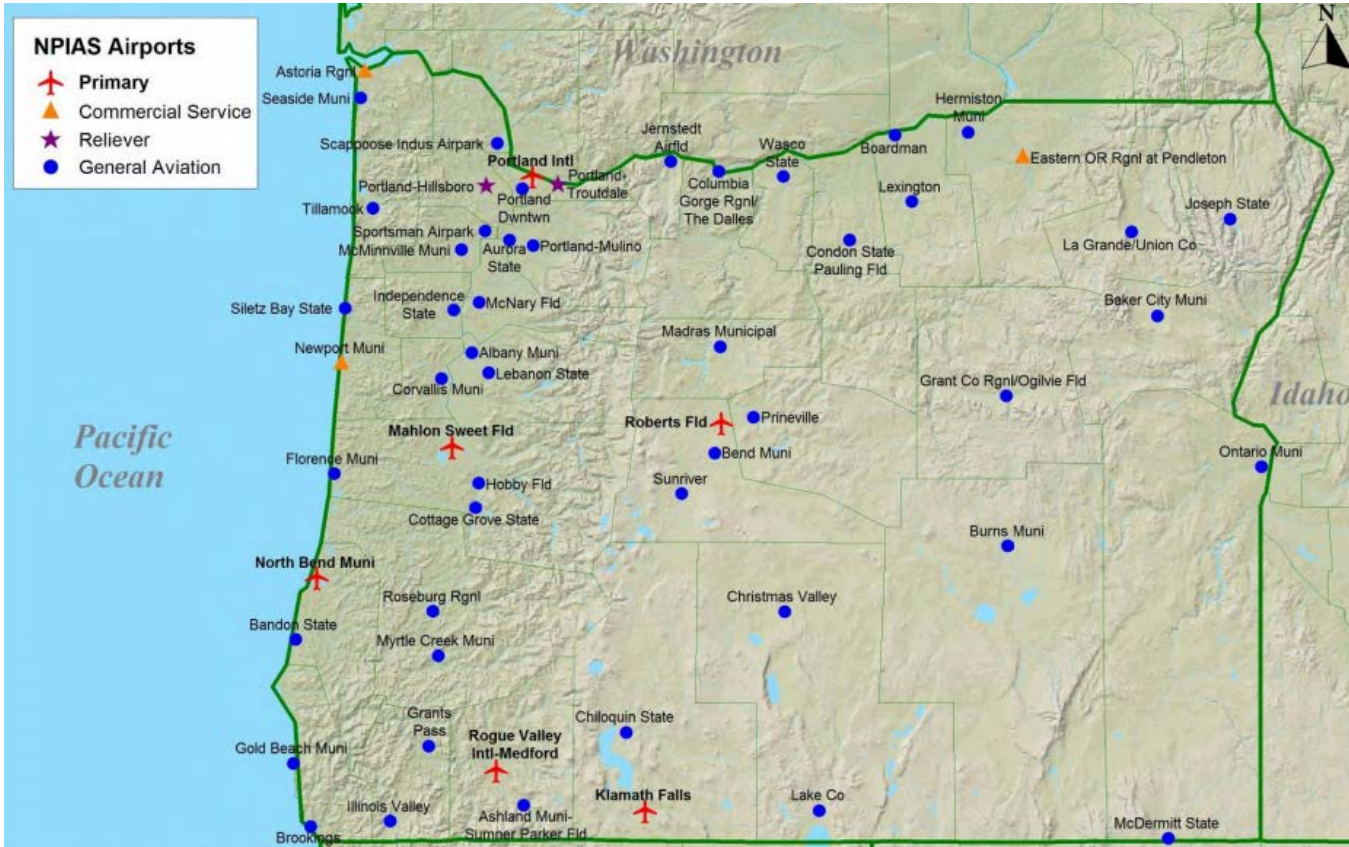
Owned and managed by

- Municipalities
- Cities
- Ports
- Private

(ODA provides oversight, grants and assistance)



# 57 NPIAS Airports 10% - 90% FAA grant match



HB2075


\$90 Million  
FAA dollars to Oregon  
2015 to present


HB2075 will cease  
December 2021

National Plan of  
Integrated Airport Systems

# HB2402-2



 Eliminates sunset – continues in perpetuity  
Increase from current rate by 2 cents / gallon

 Avgas = 13 cents/gal  
Turbine = 5 cents/gal

HB 2402-2  
(LC 1045)  
3/22/19 (ASD/ps)

Requested by Representative MCKEOWN

PROPOSED AMENDMENTS TO  
HOUSE BILL 2402

1 On page 1 of the printed bill, delete lines 7 through 30.  
2 Delete page 2 and insert:  
3 \*SECTION 1. Section 3, chapter 700, Oregon Laws 2015, is amended to  
4 read:  
5 \*Sec. 3. (1) The amendments to ORS 319.020 by section 1 [of this 2015  
6 Act], chapter 700, Oregon Laws 2015, apply to aircraft fuel sold, used or  
7 distributed on or after January 1, 2016, and before January 1, [2022] 2020.  
8 (2) The amendments to ORS 319.330 by section 2 [of this 2015 Act],  
9 chapter 700, Oregon Laws 2015, apply to fuel purchased and used in oper-  
10 ating aircraft engines on or after January 1, 2016, and before January 1,  
11 [2022] 2020.  
12 \*SECTION 2. ORS 319.020, as amended by section 4, chapter 700, Oregon  
13 Laws 2015, and section 41, chapter 750, Oregon Laws 2017, is amended to  
14 read:  
15 \*319.020. (1) Subject to subsections (2) to (4) of this section, in addition  
16 to the taxes otherwise provided for by law, every dealer engaging in the  
17 dealer's own name, or in the name of others, in the first sale, use or dis-  
18 tribution of motor vehicle fuel or aircraft fuel or withdrawal of motor vehi-  
19 cle fuel or aircraft fuel for sale, use or distribution within areas in this state  
20 within which the state lacks the power to tax the sale, use or distribution  
21 of motor vehicle fuel or aircraft fuel, shall:

 **\$7,000,000 per year**

\$1.75 M State airports  
\$3.50 M Other public use airports  
\$1.75 M Rural air service

# Transportation funding in Oregon

## Surface transportation



### HB2017

\$5 Billion for multi-mode surface transportation  
Road fuel tax 32 cents/ gal → moving to 40 cents  
Plus DMV fees



*Zero for aviation  
in HB2017*

## General aviation transportation



### HB2402-2

\$7 Million for general aviation  
Add 2 cents additional  
13 cents/gal avgas  
5 cents /gal turbine



## One mile of runway

400 airports = **400 miles of surface** + infrastructure maintenance

One mile of road takes you one mile

One mile of runway can take you across state in 1 to 2 hours



**Manzanita**  
Nehalem Bay 3S7

1 hour flight



**Sisters**  
Eagle Air 6K5

# How much will private aircraft pay?



Cessna C-172

100 hours of flight per year

10 gal/hour = 1,000 gallons

1,000 x .02 cents = \$20 per year increase





# Airlines Cost



25c per seat hour

**Less than \$1 per ticket**

80% load factor  
**LAX 50 cents/ ticket**  
**ORD 63 cents/ ticket**



## PDX to LAX Los Angeles

\$68  $\Delta$

Sunday Apr 21 <b>\$177</b>	Monday Apr 22 <b>\$125</b>	Tuesday Apr 23 <b>\$125</b>	Wednesday Apr 24 <b>\$125</b>	Thursday Apr 25 <b>\$109</b>	Friday Apr 26 <b>\$109</b>
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+ seat upgrades  
 + baggage  
 + food


## PDX to ORD Chicago

\$114  $\Delta$

Sunday Apr 21 <b>\$211</b>	Monday Apr 22 <b>\$319</b>	Tuesday Apr 23 <b>\$252</b>	Wednesday Apr 24 <b>\$252</b>	Thursday Apr 25 <b>\$199</b>	Friday Apr 26 <b>\$205</b>
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# HB2402-2

Critical funding of the \$7 Million per year provides

1. FAA grants of up to \$60 M /year into Oregon with 10% match
  2. Improvements and maintenance of airports for operations and safety
  3. Emergency airport preparedness for natural disaster relief
  4. Possible creation of affordable rural air transportation statewide
  5. Economic enhancement of rural airports
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# Benefits

HB2402-2 provides community benefits

1. Airports create jobs and attract businesses
2. Economic enhancement to rural communities
3. Provide a transportation gateway
4. Medical, emergency and training resources
5. Maintain and improve existing assets



# General Aviation in Oregon



Minimum investment

## Maximum return



Nehalem Bay tree removal



Astoria Airport improvements

The end.....