REVENUE IMPACT OF PROPOSED LEGISLATION

80th Oregon Legislative Assembly
2019 Regular Session
Legislative Revenue Office

Bill Number:	**HB 3062 - A**
Revenue Area:	Use-Fuel Tax
Economist:	Mazen Malik
Date:	**06-07-2019**

Only Impacts on Original or Engrossed
Versions are Considered Official

Measure Description:
Extends sunset date for exemption from use fuel tax for diesel fuel blended with at least 20 percent biodiesel derived from used cooking oil. The new sunset date is 1/1/2021

Revenue Impact:

This is one-year extension of the exemption from 1/1/2020 to 1/1/2021. The exemption is a <u>$5.95 million</u> reduction in tax collection to the Highway Fund. $3.3 would have gone to the state, $1.6 million to counties, and $1.1 million to cities.

Impact Explanation:

The diesel fuel is taxed at 34 cents per gallon currently and would be 36 cents a gallon starting 2020. when it is used in vehicles that don't pay the weight mile tax. This measure will exempt from fuel taxes the diesel fuel that has been blended with 20% used cooking oil. The amendment gives that exemption only to fuel sold through retail establishments. This takes out of consideration the card-locks, bulk and fleet fuels.

The base year estimates show 17 million gallons of B20 (cooking oil) blended fuel for all eligible vehicles. 87% of that is in in the basic weight class, and 2.2 million gallons used by the medium heavy vehicles. This impact is reflective of about 4.25 million gallons of cooking-oil-diesel, each gallon is blended with about 4 gallons of regular diesel.

Creates, Extends, or Expands Tax Expenditure: Yes ☒ No ☐

A tax expenditure to encourage the conversion of used cooking oil to use-fuel. 13% of the tax expenditure will come from Heavy vehicles (10,000 to 26,000 lb.), while basic vehicles contributions will be 87%.