

HB 2129 A STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Prepared By: Mazen Malik, Senior Economist

Meeting Dates: 6/20

WHAT THE MEASURE DOES:

Extends and creates sunsets for certain transportation-related expenditures. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Vehicles that operate on use fuels may utilize a special emblem to notify retail sellers that the vehicle owner remits use fuel taxes directly to the state, rather than paying the fuel tax directly at the retail location. Use fuel rates are set to approximate the equivalent current gasoline tax rate of \$0.34 per gallon. For propane and natural gas dispensed into motor vehicles as fuel, they are taxed as follows: for propane, the number of taxable gallons is divided by 1.3 prior to applying the \$0.34/gallon tax; for natural gas, taxable gallons are divided by 1.2 before calculation.

Heavy Vehicles with GVW above 26,000 lb, usually pay the weight mile tax. Currently vehicles that the dealer uses for test drives are exempted from the weight-mile tax and pay the fuel tax instead.

HB 2129-A extends the sunset for both tax expenditures, use-fuel emblems and vehicle dealer exemption from weight mile taxes until January 1, 2026.

The third exemption is for vehicles that would pay either the fuel tax or the Weight Mile tax. The exemptions for emission testing vehicles in ORS 825.475 are also extended to 1/1/2026.