

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
80th Oregon Legislative Assembly
2020 Regular Session
Legislative Revenue Office

Bill Number:	SB 1578
Revenue Area:	Emissions Revenue
Economist:	Mazen Malik
Date:	02/18/2020

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Establishes, if Senate Bill 1530 becomes law, credit available to eligible persons residing in regulated areas for purpose of mitigating carbon price indirectly paid through purchase of fuel to propel eligible motor vehicles on public highways.

Revenue Impact:

The impact of this measure is not specified at this time. The transfer of revenue from emission allowance sales requires the knowledge of several parameters that are not known yet.

Impact Explanation:

This measure is similar to SB 1051 of the 2019 session. The measure establishes a fuel tax credit claimed through the income tax system, and a refund for farming and forest products. The credit is processed through the Climate Action Reimbursement Fund (CARF), which is funded from 30% revenue transfer from the Transportation Decarbonization Investments Fund (TDF). The CARF is continuously appropriated to DOR to issue credits to individuals through the personal income tax system beginning on or after January 1, 2022. The credits are based on the annual estimate for each regulated area of: the median vehicle miles travelled for the area; median number of gallons of fuel used travelling the median vehicle miles for the area; and the per-gallon carbon price. The per capita estimates (single and double for joint filers).

The Farm and Forest products refund is performed through a separate refund account and is administered by ODOT. The refund is equal to the number of gallons of fuel used per year in farm and forest activities multiplied by the statewide per-gallon carbon price. The fuel that is used on public roads will be refunded from the TDF, while fuel not used in manner that constitutionally restricted the highway fund, will be refunded from the Climate Investment Fund (CIF).

At the time of the 2019 session LRO was able to estimate and forecast the price of allowances to be paid on a state level market that is linked to the WCI. Currently under SB 1530 we are not yet able to make similar estimates for an independent market operating in a regional arrangement with several phases of implementation. The estimates of proceeds transferred to the refund programs can vary significantly from \$30 to \$110 million depending on the price of allowances sold by the state, However, it is likely that an estimate will solidify once revenues from SB 1530 are estimated.

Creates, Extends, or Expands Tax Expenditure: Yes No

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