

# B-Engrossed Senate Bill 1504

Ordered by the Senate March 3  
Including Senate Amendments dated February 19 and March 3

Sponsored by Senator COURTNEY; Senator ROBLAN (Presession filed.)

## 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.

*[Provides that certain fungible authorizations or credits issued by state government agency pursuant to state program for regulating greenhouse gas emissions do not constitute property or property rights.]*

Provides that *[receipt]* **value** of certain fungible authorizations, **received** at no cost, from state government agency pursuant to state program for regulating greenhouse gas emissions is exempt from personal income taxation and corporate excise and income taxation.

**Provides that gains and losses from first sale or other transfer of fungible authorization to emit carbon dioxide equivalent, or of fungible credit representing emissions reductions or removal of carbon dioxide equivalent, issued by state government agency, are not subject to capital gains taxation.**

**Provides that fungible authorizations to emit carbon dioxide equivalent, or of fungible credits representing emissions reductions or removal of carbon dioxide equivalent, issued by state government agency, are exempt from ad valorem property taxation.**

Requires Department of Transportation, in consultation with Department of Environmental Quality and other appropriate state agencies, to study modifying classification of diesel fuel. Requires Department of Transportation to report results of study to Joint Committee on Transportation during 2021 regular session of Legislative Assembly. Requires report to include implementation plan for reclassifying diesel fuel.

## A BILL FOR AN ACT

1  
2 Relating to government revenue.

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

4 **SECTION 1.** (1) As used in this section, "carbon dioxide equivalent" means the amount  
5 of carbon dioxide by weight that would produce the same global warming impact as a given  
6 weight of another greenhouse gas, based on considerations including but not limited to the  
7 best available science, including information from the Intergovernmental Panel on Climate  
8 Change.

9 (2) The value of a fungible authorization to emit a quantity of carbon dioxide equivalent  
10 directly distributed, at no cost to the person that receives the authorization, by a state  
11 government agency pursuant to a state program for regulating greenhouse gas emissions  
12 may not be included in income for purposes of ORS chapters 316, 317 and 318.

13 (3) Gains and losses from the following are not subject to taxation under ORS chapters  
14 316, 317 and 318:

15 (a) The first sale or other transfer of a fungible authorization to emit a quantity of car-  
16 bon dioxide equivalent that is directly distributed, at no cost to the person that receives the  
17 authorization, by a state government agency pursuant to a state program for regulating  
18 greenhouse gas emissions.

19 (b) The first sale or other transfer after generation of a fungible credit that:

**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 (A) Represents a greenhouse gas emissions reduction or the removal of a quantity of  
2 carbon dioxide equivalent; and

3 (B) Is issued by a state government agency pursuant to a state program for regulating  
4 greenhouse gas emissions.

5 (4) Fungible authorizations to emit a quantity of carbon dioxide equivalent, and fungible  
6 credits that represent a greenhouse gas emissions reduction or the removal of a quantity  
7 of carbon dioxide equivalent, issued by a state government agency pursuant to a state pro-  
8 gram for regulating greenhouse gas emissions, are exempt from ad valorem property taxa-  
9 tion.

10 **SECTION 2.** (1) The Department of Transportation, in consultation with the Department  
11 of Environmental Quality and any other appropriate state agency, shall study modifying the  
12 classification of diesel fuel from fuel, as defined in ORS 319.520, to motor vehicle fuel, as  
13 defined in ORS 319.010. The study may include consideration of:

14 (a) Any necessary changes to law to ensure compliance of fuel sellers and motor vehicle  
15 fuel dealers;

16 (b) Any potential impacts this change may have on motor vehicle fuel tax revenue col-  
17 lections;

18 (c) Any potential impacts this change may have on weight-mile tax revenue collections;

19 (d) The most efficient method for maintaining fairness and proportionality of revenues  
20 described in Article IX, section 3a (3), of the Oregon Constitution;

21 (e) Any potential impacts this change may have on operations of the Department of  
22 Transportation pursuant to its oversight and regulatory functions;

23 (f) Whether vehicles with a registration weight over 10,000 pounds should be included  
24 within a weight-mile tax system; and

25 (g) Any necessary changes to law regarding the treatment for purposes of taxation, of  
26 dyed fuels, including but not limited to:

27 (A) Connection to the provisions of the Internal Revenue Code and federal regulations;

28 (B) Testing for illegal use; and

29 (C) Compliance and enforcement provisions.

30 (2) The Department of Transportation shall report the results of the study to the Joint  
31 Committee on Transportation during the 2021 regular session of the Legislative Assembly in  
32 the manner provided in ORS 192.245. The report must include an implementation plan to re-  
33 classify diesel fuel beginning January 1, 2022.

34 **SECTION 3.** Notwithstanding any other law limiting expenditures, the expenditure limi-  
35 tation established by section 2 (11), chapter 614, Oregon Laws 2019, for the biennium ending  
36 June 30, 2021, as the maximum limit for payment of expenses from fees, moneys or other  
37 revenues, including Miscellaneous Receipts and federal funds received as reimbursement  
38 from the United States Department of Transportation, but excluding lottery funds and fed-  
39 eral funds not described in section 2, chapter 614, Oregon Laws 2019, collected or received  
40 by the Department of Transportation for transportation program development, is increased  
41 by \$426,605.