

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
81st Oregon Legislative Assembly
2021 Regular Session
Legislative Revenue Office

Bill Number: HB 2434 - A
Revenue Area: Aviation Fuel Taxes
Economist: Mazen Malik
Date: 06-10-2021

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

Measure Description:

Removes the sunset on the tax rate increase of jet fuel (1 to 3 cents) and aviation gasoline (9 to 11 cents), including Mo-Gas, that would have occurred on January 1, 2022. Changes the percentages of distribution allocated to certain aviation programs.

Revenue Impact (in \$Millions):

		2021-23	2023-25	2025-27
Jet Fuel Revenue		\$5.05	\$6.89	\$6.99
AVGAS Revenue		\$0.08	\$0.10	\$0.10
TOTAL Revenue		\$5.12	\$6.99	\$7.09
Distributions	ODA Admin	\$0.26	\$0.35	\$0.35
	COAR @75%	\$3.65	\$4.98	\$5.06
	SOAR @25%	\$1.22	\$1.66	\$1.69

Impact Explanation:

House Bill 2075 of the 2015 Legislative Session increased Aviation fuel taxes and imposed a sunset date on that increase of January 1, 2022. That measure amended ORS 319.020 by increasing aircraft fuel (avgas) tax from nine cents to eleven cents per gallon and increasing jet fuel tax from one cent to three cents per gallon. The Aviation System Action Program fund (ASAP) was created as a result of the passage of HB 2075 and directs the increased fuel tax revenue (after 5% is deducted for ODA’s administration costs) into the following three programs that benefit Oregon airports and aviation:

1. Critical Oregon Airport Relief (COAR) program received 50% of the funding.
2. Rural Oregon Aviation Relief (ROAR) received 25% of the funding.
3. State Owned Airports Reserve (SOAR) program received the rest of the funds.

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This Measure increases the COAR distribution from 50% to 75%, it also adds a fourth priority to the COAR Program, which is to assist commercial air service to rural Oregon. The remaining 25% will fund the SOAR program for infrastructure and safety improvements at federally and non-federally funded state-owned airports.

The revenue forecast adjusts to the weakness of the Aviation industry during the COVID Era and anticipates a strong but reasonable rebound for fuel demand in the coming biennium. ODOT deducts its collection costs before transferring the net revenue to the Oregon Department of Aviation (ODA). The impact reflects only 18 months in the 2021-23 biennium, because the sunset would have occurred on January 1st, 2022.

Creates, Extends, or Expands Tax Expenditure: Yes No