HB 2434 B STAFF MEASURE SUMMARY **Carrier:** Rep. McLain

Conference Committee on HB 2434

Action Date:	06/25/21
Action:	Senate recede from Senate amendments dated 06-22 and repass.
House Vote	
Yeas:	3 - McLain, Nathanson, Noble
Senate Vote	
Yeas:	2 - Boquist, Burdick
Fiscal:	Fiscal impact issued
Revenue:	Revenue impact issued
Prepared By:	Mazen Malik
Meeting Dates:	6/25

WHAT THE MEASURE DOES:

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. Requires 3/5 vote for tax increase. Changes the percentages of distribution allocated to certain aviation programs. Requires reports for projects built by the new revenue. Allows for commercial leases to be 50 years.

ISSUES DISCUSSED:

- The "B" amendment by the senate to rescinded
- The need for a resolution and funding for forest issues.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

House Bill 2075 was passed during the 2015 Legislative Session. The 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. House Bill 2075 became effective on January 1, 2016 and is set to sunset on January 2, 2022. Over the course of six years, the Aviation System Action Program fund (ASAP) program, which was created as a result of the passage, was estimated to provide over $20M in funding to airports throughout Oregon. The ASAP of HB 2075 directs the increased fuel tax revenue (after 5% is deducted for ODA's administration costs) to the following three programs that benefit Oregon airports and aviation:

1. Critical Oregon Airport Relief (COAR) program receives 50% of the funding. These grants are distributed to assist airports in Oregon with match requirements for Federal Aviation Administration (FAA) Airport Improvement Program grants, emergency preparedness and infrastructure projects in accordance with the Oregon Resilience Plan, services critical and essential to aviation, aviation related business development, and airport development for local economic benefit.

2. Rural Oregon Aviation Relief (ROAR) receives 25% of the funding. These grants are used to assist commercial air service to rural Oregon.

3. State Owned Airports Reserve (SOAR) program funds (25%) are distributed towards state-owned airports for the purposes of safety improvements and infrastructure projects at public use airports.

This Measure increases the COAR distribution from 50% to 75% and 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 (State Owned Airports) program for infrastructure and safety improvements at federally and non-federally funded state-owned airports. This legislation changes the reporting requirements from semi-annual to annual from State Board of Aviation to related legislative committees regarding the grant programs, and adds commercial air service to rural Oregon to the COAR program.

This measure also keeps the priorities, but removes the order of those priorities from the COAR program. The previous ordered priorities were as follows:

First, to assist airports in Oregon with match requirements for Federal Aviation Administration Airport Improvement Program grants.

Second, to make grants for emergency preparedness and infrastructure projects, in accordance with the Oregon Resilience Plan or the Oregon Aviation Plan.

Third, to make grants for: Services critical or essential to aviation, including, but not limited to, fuel, sewer, water and weather equipment; Aviation-related business development, including, but not limited to, hangars, parking for business, aircraft and related facilities; and Airport development for local economic benefit, including, but not limited to, signs and marketing.

Finally the measure allows for commercial leases to be 50 year rather than the current law maximum of only 30 years.