



# Oregon

Kate Brown, Governor



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To: Representative Nancy Nathanson, Chair  
House Committee on Revenue

From: Betty Stansbury, Director

Date: June 7, 2021

Re: HB 2434

HB 2434 eliminates the sunset on a tax on aviation fuels, as well as some housekeeping items. Without passage of HB 2434, the sunset will go into effect on January 1<sup>st</sup>.

The revenue from the aviation fuel tax provides 100% of the funding for the Aviation System Action Program (ASAP). This program has provided **\$8.4M in grant funding for 132 projects at 54 airports all across Oregon**. These grants assist airports with the local match on federally funded projects (most of them at a 90% federal, 10% local match), as well as provide funding for resiliency and economic development projects, and air service development efforts.

Airports are capital intensive infrastructures, and Oregon's 97 public use airports have no other source of state funding to help with the local match. A majority of the grants have gone to rural airports, but urban airports have benefited as well. If the aviation fuel tax is allowed to sunset, the grant program will shut down, as there is no other source of funding for this program.

HB 2434 also included housekeeping language to shut down a grant program (called ROAR or Rural Oregon Airport Relief) and transfer the remaining funds into the COAR (Critical Oregon Airport Relief) grant program. The ROAR program has been paused for about 1.5 years following a federal ruling that it does not meet federal requirements for use of aviation fuel tax revenues. HB 2434 also has housekeeping language related to grant prioritization, reporting and commercial leasing at state-owned airports.

Elimination of the aviation fuel tax sunset has broad support from stakeholders including the Oregon Pilots Association, Oregon Airport Managers Association, Aircraft Owners and Pilots Association and the Port of Portland. Testimony from these and others can be found on HB 2034 and HB 3055 (which are previous versions of this bill).

*Oregon Department of Aviation aims to provide infrastructure, financial resources,  
and expertise to ensure a safe and efficient air transport system*