

House Bill 2524

Sponsored by Representative NATHANSON (at the request of SEIU Local 49) (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 **as introduced**.

Increases tax on fuel usable in aircraft operated by turbine engines. Directs Oregon Department of Aviation to award grants to address environmental impact of airfield operations and development and maintenance of airport workforce.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to aircraft fuel; creating new provisions; amending ORS 319.020, 319.023 and 319.330; pre-
3 scribing an effective date; and providing for revenue raising that requires approval by a three-
4 fifths majority.

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

6 **SECTION 1.** ORS 319.020 is amended to read:

7 319.020. (1) Subject to subsections (2) to (4) of this section, in addition to the taxes otherwise
8 provided for by law, every dealer engaging in the dealer's own name, or in the name of others, in
9 the first sale, use or distribution of motor vehicle fuel or aircraft fuel or withdrawal of motor vehicle
10 fuel or aircraft fuel for sale, use or distribution within areas in this state within which the state
11 lacks the power to tax the sale, use or distribution of motor vehicle fuel or aircraft fuel, shall:

12 (a) Not later than the 25th day of each calendar month, render a statement to the Department
13 of Transportation of all motor vehicle fuel or aircraft fuel sold, used, distributed or so withdrawn
14 by the dealer in the State of Oregon as well as all such fuel sold, used or distributed in this state
15 by a purchaser thereof upon which sale, use or distribution the dealer has assumed liability for the
16 applicable license tax during the preceding calendar month. The dealer shall render the statement
17 to the department in the manner provided by the department by rule.

18 (b) Except as provided in ORS 319.270, pay a license tax computed on the basis of 34 cents per
19 gallon on the first sale, use or distribution of such motor vehicle fuel or aircraft fuel so sold, used,
20 distributed or withdrawn as shown by such statement in the manner and within the time provided
21 in ORS 319.010 to 319.430.

22 (2) When aircraft fuel is sold, used or distributed by a dealer, the license tax shall be computed
23 on the basis of 11 cents per gallon of fuel so sold, used or distributed, except that when aircraft fuel
24 usable in aircraft operated by turbine engines (turbo-prop or jet) is sold, used or distributed, the tax
25 rate shall be *[three]* **10** cents per gallon.

26 (3) In lieu of claiming refund of the tax paid on motor vehicle fuel consumed by such dealer in
27 nonhighway use as provided in ORS 319.280, 319.290 and 319.320, or of any prior erroneous payment
28 of license tax made to the state by such dealer, the dealer may show such motor vehicle fuel as a
29 credit or deduction on the monthly statement and payment of tax.

30 (4) The license tax computed on the basis of the sale, use, distribution or withdrawal of motor

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 vehicle or aircraft fuel may not be imposed wherever such tax is prohibited by the Constitution or
2 laws of the United States with respect to such tax.

3 **SECTION 2.** ORS 319.330 is amended to read:

4 319.330. (1) Whenever any statement and invoices are presented to the Department of Trans-
5 portation showing that motor vehicle fuel or aircraft fuel has been purchased and used in operating
6 aircraft engines and upon which the full tax for motor vehicle fuel has been paid, the department
7 shall refund the tax paid, but only after deducting from the tax paid 11 cents for each gallon of such
8 fuel so purchased and used, except that when such fuel is used in operating aircraft turbine engines
9 (turbo-prop or jet) the deduction shall be [*three*] **10** cents for each gallon. No deduction provided
10 under this subsection shall be made on claims presented by the United States or on claims presented
11 where a satisfactory showing has been made to the department that such aircraft fuel has been used
12 solely in aircraft operations from a point within the State of Oregon directly to a point not within
13 any state of the United States. The amount so deducted shall be paid on warrant of the Oregon
14 Department of Administrative Services to the State Treasurer, who shall credit the amount to the
15 State Aviation Account for the purpose of carrying out the provisions of the state aviation law.
16 Moneys credited to the account under this section are continuously appropriated to the Oregon
17 Department of Aviation.

18 (2) If satisfactory evidence is presented to the Department of Transportation showing that air-
19 craft fuel upon which the tax has been paid has been purchased and used solely in aircraft oper-
20 ations from a point within the State of Oregon directly to a point not within any state of the United
21 States, the department shall refund the tax paid.

22 **SECTION 3.** ORS 319.023 is amended to read:

23 319.023. (1) The following amounts shall be distributed in the manner prescribed in this section:

24 (a) Any amount of tax on aircraft fuel usable in aircraft operated by turbine engines (**turbo-**
25 **prop or jet**) that is computed on a basis in excess of one cent per gallon **and not more than six**
26 **cents per gallon**, and any amount of tax on all other aircraft fuel that is computed on a basis in
27 excess of nine cents per gallon, under ORS 319.020 (2); and

28 (b) Any amount of tax on aircraft fuel [*usable in aircraft operated by*] **used in operating aircraft**
29 turbine engines (**turbo-prop or jet**) in excess of one cent per gallon **and not more than six cents**
30 **per gallon**, and any amount of tax on all other aircraft fuel in excess of nine cents per gallon, that
31 is deducted before the refunding of tax under ORS 319.330 (1).

32 (2)(a) Applications for distributions under subsection (5) of this section may not be approved
33 unless the applicant demonstrates a commitment to contribute at least five percent of the costs of
34 the project to which the application relates. The Oregon Department of Aviation shall adopt rules
35 for purposes of this paragraph.

36 (b) The department may adopt rules that:

37 (A) Set higher minimum contribution commitment requirements; or

38 (B) Establish maximum grant amounts.

39 (3)(a) The State Aviation Board shall establish a review committee composed of one member
40 from each of the area commissions on transportation chartered by the Oregon Transportation Com-
41 mission.

42 (b) The review committee shall meet as necessary to review applications for distributions of
43 amounts pursuant to this section. In reviewing applications, the review committee shall consider:

44 (A) Whether a proposed project:

45 (i) Reduces transportation costs for Oregon businesses or improves access to jobs and sources

1 of labor in this state;

2 (ii) Results in an economic benefit to this state;

3 (iii) Connects elements of Oregon’s aviation system in a way that will measurably improve
4 utilization and efficiency of the system;

5 (iv) Is ready for construction or implementation; and

6 (v) Has a useful life expectancy that offers maximum benefit to this state; and

7 (B) How much of the cost of the proposed project can be borne by the applicant from sources
8 other than Oregon Department of Aviation funds or the Connect Oregon Fund.

9 (c) The review committee shall recommend applications to the State Aviation Board for ap-
10 proval.

11 (4)(a) Five percent of the amounts described in subsection (1) of this section are appropriated
12 to the Oregon Department of Aviation for the costs of the department and the State Aviation Board
13 in administering this section.

14 (b) The remaining 95 percent of the amounts described in subsection (1) of this section shall be
15 distributed pursuant to subsections (5) and (6) of this section.

16 (5)(a) Seventy-five percent of the amounts described in subsection (4)(b) of this section shall be
17 distributed for the following purposes:

18 (A) To assist airports in Oregon with match requirements for Federal Aviation Administration
19 Airport Improvement Program grants.

20 (B) To make grants for emergency preparedness and infrastructure projects, in accordance with
21 the Oregon Resilience Plan or the Oregon Aviation Plan.

22 (C) To make grants for:

23 (i) Services critical or essential to aviation, including, but not limited to, fuel, sewer, water and
24 weather equipment;

25 (ii) Aviation-related business development, including, but not limited to, hangars, parking for
26 business aircraft and related facilities; or

27 (iii) Airport development for local economic benefit, including, but not limited to, signs and
28 marketing.

29 (D)(i) To assist commercial air service to rural Oregon.

30 (ii) The Oregon Department of Aviation may adopt a definition of “rural Oregon” for purposes
31 of this subparagraph.

32 (b) The State Aviation Board may establish by rule priorities for the distributions made pursuant
33 to this subsection.

34 (6) Twenty-five percent of the amounts described in subsection (4)(b) of this section shall be
35 distributed to state-owned airports for the purposes of:

36 (a) Safety improvements recommended by the State Aviation Board and local community air-
37 ports.

38 (b) Infrastructure projects at public use airports.

39 (7)(a) Not later than September 15 of each year, the State Aviation Board shall submit the re-
40 ports described in paragraph (b) of this subsection, in the manner provided in ORS 192.245, to the
41 interim committees, as applicable, of the Legislative Assembly related to air transportation.

42 (b) The reports required under this subsection shall describe in detail the projects for which
43 applications have been submitted and approved, the airports affected, the names of the applicants
44 and the persons who will perform the work proposed in the applications, the progress of projects for
45 which applications have been approved and any other information the board considers necessary for

1 a comprehensive analysis of the implementation of this section.

2 **SECTION 4.** (1) The amendments to ORS 319.020 by section 1 of this 2023 Act apply to
 3 aircraft fuel usable in aircraft operated by turbine engines (turbo-prop or jet) sold, used or
 4 distributed on or after January 1, 2024.

5 (2) The amendments to ORS 319.330 by section 2 of this 2023 Act apply to fuel purchased
 6 and used in operating aircraft turbine engines (turbo-prop or jet) on or after January 1, 2024.

7 **SECTION 5.** Section 6 of this 2023 Act is added to and made a part of ORS 319.010 to
 8 319.430.

9 **SECTION 6.** (1) The following amounts shall be distributed in accordance with this sec-
 10 tion:

11 (a) Any amount of tax on aircraft fuel usable in aircraft operated by turbine engines
 12 (turbo-prop or jet) that is computed on a basis in excess of six cents per gallon under ORS
 13 319.020 (2); and

14 (b) Any amount of tax on aircraft fuel used in operating aircraft turbine engines (turbo-
 15 prop or jet) in excess of six cents per gallon that is deducted before the refunding of tax
 16 under ORS 319.330 (1).

17 (2)(a) The Oregon Department of Aviation shall use the amounts described in subsection
 18 (1) of this section to award grants for the purposes set forth in subsections (5) to (7) of this
 19 section.

20 (b) Applications for grants under subsections (5) to (7) of this section may not be ap-
 21 proved unless the applicant demonstrates a commitment to contribute at least five percent
 22 of the costs of the project to which the application relates. The Oregon Department of Avi-
 23 ation shall adopt rules for purposes of this paragraph.

24 (c) The Oregon Department of Aviation may adopt rules that:

25 (A) Set higher minimum contribution commitment requirements; or

26 (B) Establish maximum grant amounts.

27 (3)(a) The review committee established by the State Aviation Board under ORS 319.023
 28 shall meet as necessary to review applications under this section and recommend applica-
 29 tions to the board for approval.

30 (b) The board shall notify each applicant of the approval or rejection of its application.
 31 The amount of a grant award and the rejection of an application may not be appealed.

32 (4)(a) Five percent of the amounts described in subsection (1) of this section are appro-
 33 priated to the Oregon Department of Aviation for the costs of the department and the board
 34 in administering this section.

35 (b) The remaining 95 percent of the amounts described in subsection (1) of this section
 36 shall be distributed in accordance with subsections (5) to (7) of this section.

37 (5) Grant moneys may be awarded to airports to pay for the costs of:

38 (a) Investigating and remediating environmental contamination caused by airfield oper-
 39 ations at the airport to the extent that such investigation and remediation are required or
 40 encouraged by federal or state environmental laws or executive action.

41 (b) Mitigating the environmental impact of airport development to the extent that such
 42 mitigation is required under federal or state environmental laws.

43 (c) Insuring the airport against future liability for environmental contamination caused
 44 by current airfield activities. Such contamination may include carbon emissions and their
 45 effect on the global climate.

1 **(6)(a) Grant moneys may be awarded to small, medium and large hub airports for the**
2 **development and maintenance of a highly trained, low-turnover, air transit workforce by**
3 **ensuring:**

4 **(A) Wages of no less than three dollars above the state minimum wage as determined**
5 **under ORS 653.025 for the employer's location; and**

6 **(B) The minimum fringe benefits for the applicable locality and classification as deter-**
7 **mined in accordance with the Service Contract Act (41 U.S.C. 351-401).**

8 **(b) This subsection applies to:**

9 **(A) Workers performing services on the property or premises of an airport that are re-**
10 **lated to the air transportation of persons, property or mail, such services including, but not**
11 **limited to:**

12 **(i) The loading or unloading of property into or out of aircraft or a building or facility**
13 **on the airport property;**

14 **(ii) Assistance to passengers, including assistance subject to 14 C.F.R. 382;**

15 **(iii) Security;**

16 **(iv) Airport ticketing or check-in functions;**

17 **(v) Ground handling of aircraft or use of related equipment, other than mechanical ser-**
18 **vices, machinery maintenance, car service maintenance, services at maintenance-related**
19 **stores, fueling, de-icing or other similar mechanical services;**

20 **(vi) Aircraft cleaning and sanitization or waste removal;**

21 **(vii) Cleaning within an airport terminal or other building or facility on the airport**
22 **premises;**

23 **(viii) Transportation of employees or individuals within the airport premises; and**

24 **(ix) Ramp agent functions.**

25 **(B) All workers described in subparagraph (A) of this paragraph, whether employed by**
26 **the airport directly or through a contractor or subcontractor.**

27 **(c) This section does not apply to individuals employed in executive, administrative or**
28 **other professional capacities.**

29 **(7) Grant moneys may be awarded to airports to invest in training and career develop-**
30 **ment programs to attract new airport workers at all levels.**

31 **SECTION 7. This 2023 Act takes effect on the 91st day after the date on which the 2023**
32 **regular session of the Eighty-second Legislative Assembly adjourns sine die.**