



AVIATION: HB2153

Fuel Tax 2025-2027

CHALLENGES

ODAV continues to face challenges in budget as the agency sees continued increases in labor, construction, and maintenance costs without concurrent increases in funding. The tax rate for operations has not increased since 1955. With uncertainties in the change of administration we are looking at additional federal funding pullbacks. Fuel storage capacity for 20 additional airports will be needed to improve wildfire response. Almost 45% of pavement within the ODAV network are fair to failed. The 2018 Oregon Aviation Plan identified \$623 million to address capital and deficiencies needs.



Inflation

Budget continues to get stretched as inflation from pandemic and recovery continue.

Operations

The tax rate for operations has not increased since 1955.

Aviation professional shortage

Pilots, mechanics, and air traffic controllers face continued shortages with retirements.

Advanced Air Mobility

New technologies are coming at an increasing pace and Oregon is unprepared.

STATEWIDE IMPORTANCE

- Critical role for wildfire management and response.
 - 12 airports support full time firefighting operations.
- Emergency response in Cascadia event.
 - Hurricane Helene lessons.
- Search and rescue/Lifeflight.
 - 36 airports support emergency services.
- Employment and economic development.
 - \$29 billion economic output.
 - 117,000 jobs.
- Cargo.
 - 245,000 tons of cargo.



EFFICIENCY

Operate 28 state public use airports (12 federally funded).
Manage 300 leases/access agreements. License & inspect 96 public use airports. Register 360+ private airports. Advise airport owners/managers.

3 People maintain all 28 state owned airports to state and federal standards.



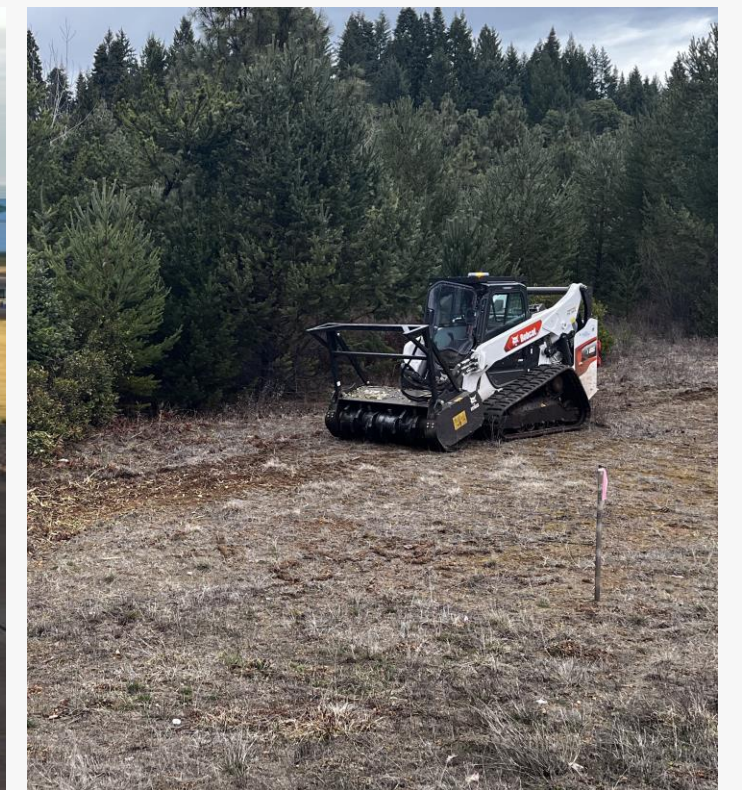
AVIATION

A Model of Efficiency: Examples

Purchased paint marking machine in 2023- resulted in savings between \$87K-152K per year.

Purchased a skid-steer in 2025 for \$180,000. In 2023 rented the same equipment for \$24,000 for 4 weeks. Last two weeks saved 50-60% staff time clearing vegetation.

Brought procurement and rulemaking back in-house from ODOT saving \$87,000 per year and decreasing average processing time from 2 months to 2 weeks.





WHAT WILL IT DO?

Impacts of Revenue

Approximately \$6.3 million increase per year.

\$4.1 million per year for grants.

\$2.2 million per year for operations.

What Are the Impacts

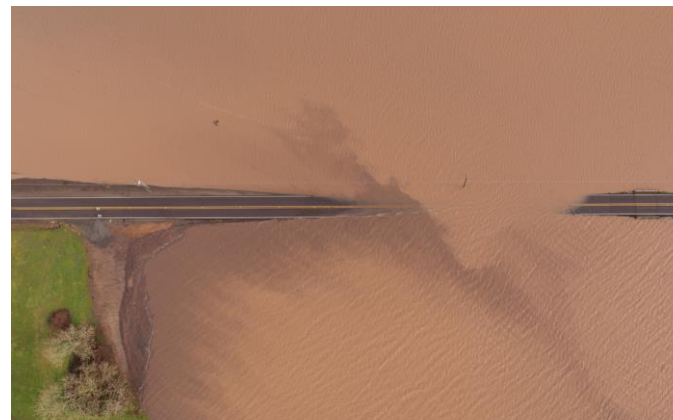
- Leveraging additional federal grant opportunities.
 - FAA Airport Improvement Program fully funded in CR.
 - Still need match.
- Provide additional funds for airports to help with their federal matches. ASAP underfunded for needs.
- Additional funding for resiliency/wildfires.
- Provide additional funds to properly plan.
 - Aviation System Plan.
 - Sustainable aviation fuel study.
 - Update land use compatibility guides.
- Replace failing pavement.
- Modernize the agency.
 - Prepare for new technologies.
 - Modernize software.
 - Allow ODAV to leverage GIS.
 - Properly staff the agency for needs and efficiency.
- Properly budget for airports that do not receive federal funds.
- Less reliance on unreliable funding mechanisms.

ASAP

The Aviation System Action Program (ASAP) was established in 2015 and was funded by a 2 cent fuel tax increase. ASAP serves public use airports and communities across the state including over \$600,000 for commercial air service to rural Oregon.

The Critical Oregon Airport Relief (COAR) program receives 75% of the ASAP funding.

The State Owned Airports Reserve (SOAR) program receives 25% of the funding.



Grant funds to date

\$26 million with \$9.8 million used as matches for FAA grants at a match rate of 1:9.

Resilience

Over \$2.2 million for emergency preparedness in accordance with the Oregon Aviation Plan.

Critical Services

Almost \$6.7 million awarded for services critical or essential to aviation in Oregon.

State Owned Airports

Almost \$7.5 million awarded for state-owned airport improvement projects.



INVESTING LOCALLY

Critical Oregon Airport Relief

Airport: COAR Grant Amounts: Total Project Costs

Albany: \$395,168 : \$4,390,763

McMinnville: \$101,375 : \$1,926,886

Salem: \$495,095 : \$7,632,604

Scappoose: \$596,135 : \$9,721,533

Hood River: \$419,500 : \$3,400,188

The Dalles: \$1,125,267 : \$7,632,604

Astoria: \$504,084 : \$9,616,634

Klamath Falls: \$525,431 : \$23,076,496

Redmond: \$844,032 : \$42,639,880

Medford: \$841,003 : \$36,337,271

North Bend/Coos Bay: \$492,080 : \$16,620,015

Eugene: \$789,394 : \$32,471,549

\$20,310,747 leveraged into \$307,554,512 system-wide

COMPARISONS

Oklahoma:

3.25% excise tax on aircraft
FY2023 approximately \$8.5 million
FY2023 \$1.1 million AC registration
FY2025 \$27 million appropriation

Oregon:

3 cent per gallon jet fuel tax
FY2023 approximately \$6.1 million
FY2024 \$392K AC registration
No GF except for specific projects

Colorado:

4 cents per gallon non-commercial jet fuel plus 2.9% sales tax on all jet fuel, effective rate of 6 cents per gallon for commercial.
FY2024 approximately \$51 million

Louisiana:

5% sales tax on aviation fuels
FY2023 approximately \$29.8 million

Utah:

2.5/4/9 cent jet fuel tax + annual registration fee of 0.4% of wholesale value of aircraft
FY2023 approximately \$19 million

Nevada:

1 cent excise tax plus local tax.
Clark County (3 cents)
FY2023 approximately \$17 million

Arkansas:

6.5% sales tax on aviation fuels
FY2023 approximately \$14 million

Kentucky:

6% sales and use tax on jet fuel
FY2023 approximately \$22.4 million

Texas:

No fuel tax. 6.25% sales tax rate
3% business personal property tax
FY2023 \$67 million from the state + \$58 million in general revenue funded rider projects.

THANK YOU

