

HB 2153 -2 STAFF MEASURE SUMMARY

Joint Committee On Transportation

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Sub-Referral To: House Committee On Revenue

Meeting Dates: 3/24, 5/5

WHAT THE MEASURE DOES:

Increases the tax on aircraft fuel usable in aircraft operated by turbine engines from three cents per gallon to six cents per gallon. Adjusts the tax rate for this fuel biennially according to any increase in the Consumer Price Index. Revises Takes effect on 91st day following adjournment sine die.

NOTE - Measure has subsequent referral to the House Committee on Revenue

ISSUES DISCUSSED:

- Brief history of the jet fuel tax in Oregon
- Infrastructure needs at airports across the state
- Potential impact on commercial air service
- Taxing aircraft to pay for airports they do not use

EFFECT OF AMENDMENT:

-2 The amendment increases the jet fuel tax by an additional two cents per gallon to a total of \$0.08/gallon. It limits distribution of revenues from the tax revenues for distribution under ORS 319.023 to no more than six cents per gallon. It creates a new grant program to provide moneys to airports for strategic investments in infrastructure and other forms of support related to resilience and wildfire response and recovery. The amendment directs the Department of Aviation to submit reports to legislative committees related to air transportation by September 15 each year outlining projects that have been funded, names of applicants, and persons who will perform the proposed work.

FISCAL:

REVENUE: "Revenue lite" hall pass issued on measure w/the -2 amendment

BACKGROUND:

Aviation turbine fuel, usually called jet fuel, is a specialized type of fuel designed for use in aircraft powered by gas-turbine engines. Jet fuel is a kerosene-based, colorless liquid fuel that is highly refined to ensure highly stable and predictable performance at extreme temperatures.

ORS 319.023 provides that revenues derived from taxation of jet fuel in excess of one cent per gallon is to be disbursed by the Oregon Department of Aviation via grants to airports to make improvements that meet the following criteria: designed to reduce transportation costs for Oregon Businesses or to improve access to jobs and sources of labor; result in economic benefit to Oregon; connect elements of Oregon's aviation system in a way that will measurably improve utilization and efficiency of the system; is ready for construction or implementation; has a useful life expectancy that offers maximum benefit to the state.