

House Bill 2153

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Joint Committee on Transportation for Oregon Department of Aviation)

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**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act would raise and index the tax rate on fuel used in aircraft with turbine engines. (Flesch Readability Score: 85.0).

Increases the tax on aircraft fuel usable in aircraft operated by turbine engines and adjusts the rate biennially according to any increase in the Consumer Price Index.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to aviation fuel; creating new provisions; amending ORS 319.020, 319.023, 319.330, 319.410,
3 835.060 and 836.072; prescribing an effective date; and providing for revenue raising that re-
4 quires approval by a three-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13 of Transportation of all motor vehicle fuel or aircraft fuel sold, used, distributed or so withdrawn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)(a) When aircraft fuel is sold, used or distributed by a dealer, the license tax shall be com-
23 puted on the basis of 11 cents per gallon of fuel so sold, used or distributed, except that when air-
24 craft fuel usable in aircraft operated by turbine engines (turbo-prop or jet) is sold, used or
25 distributed, the tax rate shall be [*three*] **six** cents per gallon.

26 **(b)(A) On or before July 1 of each odd-numbered year, the license tax rate for aircraft**
27 **fuel usable in aircraft operated by turbine engines (turbo-prop or jet) shall be adjusted for**
28 **inflation since 2025 by the percentage increase, if any, in the Consumer Price Index for All**

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 **Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics**
 2 **of the United States Department of Labor.**

3 **(B) The license tax rate determined under subparagraph (A) of this paragraph shall be-**
 4 **come operative on the following January 1.**

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

9 (4) The license tax computed on the basis of the sale, use, distribution or withdrawal of motor
 10 vehicle or aircraft fuel may not be imposed wherever such tax is prohibited by the Constitution or
 11 laws of the United States with respect to such tax.

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

13 319.330. (1) Whenever any statement and invoices are presented to the Department of Trans-
 14 portation showing that motor vehicle fuel or aircraft fuel has been purchased and used in operating
 15 aircraft engines and upon which the full tax for motor vehicle fuel has been paid, the department
 16 shall refund the tax paid, but only after deducting from the tax paid 11 cents for each gallon of such
 17 fuel so purchased and used, except that when such fuel is used in operating aircraft turbine engines
 18 (turbo-prop or jet) the deduction shall be *[three cents]* **the greater of six cents, or the rate de-**
 19 **termined under ORS 319.020 (2)(b)**, for each gallon. No deduction provided under this subsection
 20 shall be made on claims presented by the United States or on claims presented where a satisfactory
 21 showing has been made to the department that such aircraft fuel has been used solely in aircraft
 22 operations from a point within the State of Oregon directly to a point not within any state of the
 23 United States. The amount so deducted shall be paid on warrant of the Oregon Department of Ad-
 24 ministrative Services to the State Treasurer, who shall credit the amount to the State Aviation
 25 Account for the purpose of carrying out the provisions of the state aviation law. Moneys credited
 26 to the account under this section are continuously appropriated to the Oregon Department of Avi-
 27 ation.

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

32 **SECTION 3.** ORS 319.023, as amended by section 1, chapter 82, Oregon Laws 2024, is amended
 33 to read:

34 319.023. (1)(a) The following amounts shall be distributed in the manner prescribed in this sec-
 35 tion:

36 *[(a)]* (A) Any amount of tax on aircraft fuel usable in aircraft operated by turbine engines that
 37 is computed on a basis in excess of *[one cent]* **two cents** per gallon and any amount of tax on all
 38 other aircraft fuel that is computed on a basis in excess of nine cents per gallon, under ORS 319.020
 39 (2); and

40 *[(b)]* (B) Any amount of tax on aircraft fuel usable in aircraft operated by turbine engines in
 41 excess of *[one cent]* **two cents** per gallon and any amount of tax on all other aircraft fuel in excess
 42 of nine cents per gallon, that is deducted before the refunding of tax under ORS 319.330 (1).

43 **(b)(A) On or before July 1 of each odd-numbered year, the per-gallon rate used to deter-**
 44 **mine the excess amount of tax on aircraft fuel usable in aircraft operated by turbine engines**
 45 **under paragraph (a) of this subsection shall be adjusted for inflation since 2025 by the same**

1 **percentage increase determined under ORS 319.020 (2)(b).**

2 **(B) The per-gallon rate determined under subparagraph (A) of this paragraph shall be-**
 3 **come operative on the following January 1.**

4 *[(2)(a) Applications for distributions under subsection (5) of this section may not be approved un-*
 5 *less the applicant demonstrates a commitment to contribute at least five percent of the costs of the*
 6 *project to which the application relates. The Oregon Department of Aviation shall adopt rules for*
 7 *purposes of this paragraph.]*

8 *[(b) The department may adopt rules that:]*

9 *[(A) Set higher minimum contribution commitment requirements; or]*

10 *[(B) Establish maximum grant amounts.]*

11 *[(3)(a) The State Aviation Board shall establish a review committee composed of one member from*
 12 *each of the area commissions on transportation chartered by the Oregon Transportation Commission.]*

13 *[(b) The review committee shall meet as necessary to review applications for distributions of*
 14 *amounts pursuant to this section. In reviewing applications, the review committee shall consider:]*

15 *[(A) Whether a proposed project:]*

16 *[(i) Reduces transportation costs for Oregon businesses or improves access to jobs and sources of*
 17 *labor in this state;]*

18 *[(ii) Results in an economic benefit to this state;]*

19 *[(iii) Connects elements of Oregon's aviation system in a way that will measurably improve utili-*
 20 *zation and efficiency of the system;]*

21 *[(iv) Is ready for construction or implementation; and]*

22 *[(v) Has a useful life expectancy that offers maximum benefit to this state; and]*

23 *[(B) How much of the cost of the proposed project can be borne by the applicant from sources other*
 24 *than Oregon Department of Aviation funds or the Connect Oregon Fund.]*

25 *[(c) The review committee shall recommend applications to the State Aviation Board for*
 26 *approval.]*

27 *[(4)(a)]* **(2)(a)** Five percent of the amounts described in subsection (1) of this section are appro-
 28 priated to the Oregon Department of Aviation for the costs of the department and the State Aviation
 29 Board in administering this section.

30 (b) The remaining 95 percent of the amounts described in subsection (1) of this section shall be
 31 distributed pursuant to subsections *[(5) and (6)]* **(3) and (4)** of this section.

32 *[(5)(a)]* **(3)(a)** Seventy-five percent of the amounts described in subsection *[(4)(b)]* **(2)(b)** of this
 33 section shall be distributed for the following purposes:

34 (A) To assist airports in Oregon with match requirements for Federal Aviation Administration
 35 grants.

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

38 (C) To make grants for:

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

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

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

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

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

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

5 [(6)] (4) Twenty-five percent of the amounts described in subsection [(4)(b)] (2)(b) of this section
6 shall be distributed to state-owned airports for the purposes of:

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

9 (b) Infrastructure projects at public use airports.

10 [(7)(a) *Not later than September 15 of each year, the State Aviation Board shall submit the reports*
11 *described in paragraph (b) of this subsection, in the manner provided in ORS 192.245, to the interim*
12 *committees, as applicable, of the Legislative Assembly related to air transportation.*]

13 [(b) *The reports required under this subsection shall describe in detail the projects for which ap-*
14 *plications have been submitted and approved, the airports affected, the names of the applicants and the*
15 *persons who will perform the work proposed in the applications, the progress of projects for which*
16 *applications have been approved and any other information the board considers necessary for a com-*
17 *prehensive analysis of the implementation of this section.*]

18 **SECTION 4. ORS 319.023 and section 5 of this 2025 Act are added to and made a part of**
19 **ORS 319.010 to 319.430.**

20 **SECTION 5. (1)(a) Applications for distributions under ORS 319.023 (3) 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 (b) The department may adopt rules that:

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

26 (B) Establish maximum grant amounts.

27 (2)(a) The State Aviation Board shall establish a review committee composed of one
28 member from each of the area commissions on transportation chartered by the Oregon
29 Transportation Commission.

30 (b) The review committee shall meet as necessary to review applications for distributions
31 of amounts pursuant to this section.

32 (3) In reviewing applications, the review committee shall consider:

33 (a) Whether a proposed project:

34 (A) Reduces transportation costs for Oregon businesses or improves access to jobs and
35 sources of labor in this state;

36 (B) Results in an economic benefit to this state;

37 (C) Connects elements of Oregon’s aviation system in a way that will measurably improve
38 utilization and efficiency of the system;

39 (D) Is ready for construction or implementation; and

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

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

43 (4) The review committee shall recommend applications to the State Aviation Board for
44 approval.

45 (5)(a) Not later than September 15 of each year, the State Aviation Board shall submit

1 **the reports described in paragraph (b) of this subsection, in the manner provided in ORS**
 2 **192.245, to the interim committees of the Legislative Assembly related to air transportation.**

3 **(b) The reports required under this subsection shall describe in detail the projects for**
 4 **which applications have been submitted and approved, the airports affected, the names of the**
 5 **applicants and the persons who will perform the work proposed in the applications, the**
 6 **progress of projects for which applications have been approved and any other information the**
 7 **board considers necessary for a comprehensive analysis of the implementation of this sec-**
 8 **tion.**

9 **SECTION 6.** ORS 835.060 is amended to read:

10 835.060. (1)(a) **The following shall be paid into the State Treasury monthly:**

11 **(A)** All fees and other moneys received by the Oregon Department of Aviation under ORS
 12 chapter 835, 836 or 837, except moneys received under the provisions of ORS 835.025 and 836.070[,
 13 *shall be paid into the State Treasury monthly.*]; **and**

14 **(B) Revenue from the license tax imposed under ORS 319.020 (2).**

15 **(b)** The State Treasurer shall credit such payments to the State Aviation Account in the Gen-
 16 eral Fund.

17 **(2)** Moneys in the account are continuously appropriated to the department for the purpose of
 18 carrying out the provisions of this chapter **and other provisions of the state aviation laws.**

19 **(3)** None of the funds in this section appropriated or hereafter made available for aviation pur-
 20 poses shall be expended upon any aviation project that is not carried out under the supervision and
 21 direction of the State Aviation Board.

22 **(4)** Fees paid into the account pursuant to ORS 837.045 shall be expended only for airport
 23 maintenance and capital construction and for payment of expenses of air search and rescue.

24 ~~[(2)]~~ **(5)** The fiscal officer of the department shall keep a true and accurate account of all sums
 25 received and all vouchers issued by the department under this section.

26 **SECTION 7.** ORS 319.410 is amended to read:

27 319.410. (1) The Department of Transportation shall promptly turn over the license tax to the
 28 State Treasurer to be disposed of as provided in ORS 802.110.

29 (2) The revenue from the license tax collected from the use, sale or distribution of aircraft fuel
 30 as imposed by ORS 319.020 (2) shall be transferred upon certification of the department to the State
 31 Treasurer, who shall credit the certified amount to the State Aviation Account **under ORS 835.060**
 32 for the purpose of carrying out the provisions of the state aviation laws.

33 **SECTION 8.** ORS 836.072 is amended to read:

34 836.072. (1) Moneys from the increases in taxes by the amendments to ORS 319.020 by sections
 35 1 and 3, chapter 1037, Oregon Laws 1999, shall be used by the Oregon Department of Aviation to
 36 establish and fund a program to maintain and preserve the pavements used for runways, taxiways
 37 and aircraft parking areas at public use airports in this state.

38 (2) Projects for maintenance and preservation of pavements at public use airports that are
 39 identified in the plan developed under ORS 835.015 are eligible for funding under this section. The
 40 following expenses of projects selected may be funded under this section:

- 41 (a) Construction expenses;
- 42 (b) Engineering expenses; and
- 43 (c) Administrative expenses.

44 (3) The Director of the Oregon Department of Aviation shall prepare a list of recommended
 45 projects. Factors to be used by the director include, but are not limited to:

1 (a) The age and condition of pavements;
2 (b) An airport's role in the state's aviation system, as described by the plan developed under
3 ORS 835.015; and

4 (c) Local financial participation in projects.

5 (4) The director shall forward the list of recommended projects to the State Aviation Board for
6 approval.

7 (5) The department may adopt such rules as it deems necessary for implementation of the airport
8 pavement preservation program.

9 (6) No more than [55] **77.5** percent of the combined tax revenue from aircraft fuel used or dis-
10 tributed by a dealer and aircraft fuel usable in aircraft operated by turbine engines may be used for
11 operating expenses of the department.

12 (7) For purposes of this section, "operating expenses of the department" includes, but is not
13 limited to, expenses for personal services, central business operating services described in ORS
14 835.017 (1), supplies and capital outlay.

15 **SECTION 9.** (1) **The amendments to ORS 319.020 by section 1 of this 2025 Act apply to**
16 **aircraft fuel usable in aircraft operated by turbine engines (turbo-prop or jet) that is sold,**
17 **used or distributed on or after January 1, 2026.**

18 (2) **The amendments to ORS 319.330 by section 2 of this 2025 Act apply to fuel that is**
19 **purchased and used in operating aircraft turbine engines (turbo-prop or jet) on or after**
20 **January 1, 2026.**

21 **SECTION 10.** **Section 5 of this 2025 Act and the amendments to ORS 319.023 and 836.072**
22 **by sections 3 and 8 of this 2025 Act become operative on January 1, 2026.**

23 **SECTION 11.** **This 2025 Act takes effect on the 91st day after the date on which the 2025**
24 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**

25