

## Introduction to Fuel Tax in the State of Oregon

*Whether we travel by train, plane, car, bus, bicycle, or on foot, we all depend in one way or another on a safe and reliable transportation system. A multi-billion dollar investment in our people, our environment and our state, Oregon's transportation system plays a role in nearly every aspect of life – we buy food that is trucked into a grocery store, our children ride to school on buses, tourists fly in, drive around the state and then fly out, fishermen earn a living with their boats, and goods are shipped in and out along rivers and the ocean – just to name a few.*

*A sound multimodal transportation system supports our existing economy, facilitates desired growth, reduces the costs of congestion and inefficiency, and links us together to promote success in all regions of the state.*

*The money that pays to preserve, improve and operate Oregon's road system comes from state, federal, county and city sources. Oregon funds its road system through "road user fees" based on these principles:*

- *Those who use the roads pay for them;*
- *Road users pay in proportion to the road costs for which they are responsible; and*
- *Road user fees are used for constructing, improving and maintaining roads.*

*(Excerpted from Oregon Department of Transportation Key Facts - 2008)*

## Special Use Fuel License Fee for Natural Gas and Propane

This publication discusses one of those "road user fees" – The annual special use fuel license fee.

Fuel Tax is applied to all fuels used to propel motor vehicles on Oregon's roads and highways. Oregon Revised Statute (ORS) 319 governs the Fuels Tax program, which is administered by the Oregon Department of Transportation (ODOT).

- Use Fuel which includes diesel, bio-diesel, propane, natural gas, etc., is not taxed until it is placed into a motor vehicle.
  - Use Fuel is taxed at 30¢/gallon

The 2014 Oregon Legislature passed House Bill 4131 which allows a person to pay an annual special use fuel license fee in lieu of the per gallon tax for vehicles powered by natural gas and propane. The effective date of the new legislation is **July 1, 2015**.

Motor vehicles weighing more than 26,000 lbs. subject to the Oregon weight-mile tax do not qualify for registration to pay the annual special use fuel license Fee.

The annual fee is based on the following formula: "Base amount multiplied by the use fuel tax rate imposed at the time of payment, divided by 12 cents." The current rates for the annual fee are:

Vehicle Combined Weight	Base Amount	Annual Fee
0-10,000 pounds	\$60.00	\$150.00
10,001 – 26,000 pounds	\$300.00	\$750.00
26,001 pounds and above	\$400.00	\$1,000.00
(Not subject to weight-mile tax)		

To apply for and pay the special use fuel license fee, visit the Oregon Automated Fuels Tax System website at <https://ftefile.odot.state.or.us>. Once an application for the annual special use fuel fee is approved, emblems will be issued for each vehicle registered. The emblems are vehicle specific, non-transferable, and valid for a calendar year (Jan – Dec). The emblem, which allows purchase of natural gas or propane without paying the per-gallon fuel tax, must be kept in the vehicle and presented to the seller at the time of sale. ORS 319.665 requires sellers to collect the tax at the time of sale unless the vehicle being fueled has a valid emblem issued by ODOT. ODOT is aware that some sellers do not honor emblems, and only sell taxable fuel. Please check with your seller prior to purchase to determine if the seller will sell the fuel without collecting the state tax.

If Applications are received after the beginning of the year the fee will be prorated as follows:

- Applications received January 1 through March 31, full fee due.
- Applications received April 1 through June 30, 75% of fee due.
- Applications received July 1 through September 30, 50% of fee due.
- Applications received October 1 through December 31, 25% of fee due.

Once an emblem has been issued there are no refunds of the annual use fuel license fee.

## CONTACT INFORMATION

For additional information or questions not addressed in this guide, please contact us:

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