

# Oregon Fuels Tax

*For your information*



**Oregon  
Department  
of Transportation**

## ***What is Fuels Tax?***

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The tax on fuels used by motor vehicles, called Fuels Tax, provides funds to build, maintain and repair Oregon's interstates and highways. Funds for road maintenance also come from vehicle registration fees and weight based mileage taxes.

Fuels Tax is used by states across the country as well as by the federal government.

## ***Where did this tax originate?***

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The concept of Fuels Tax originated right here in Oregon. In 1919, in an attempt to improve Oregon's roads and obtain financing for highway construction, Mr. Loyal M. Graham introduced the idea of a "gasoline tax." In essence, this tax placed the financial liability of road construction and repair on those individuals/businesses using them (the idea was to have those using the roads pay for them in proportion to the road costs for which they are responsible).

The gasoline tax was so successful that within 10 years every state in the nation had a gasoline tax on its books with the federal government following suit a year later. In 1943, the gasoline tax laws were expanded to include Use Fuel (primarily diesel fuel but including other fuels such as propane and compressed natural gas (CNG)). The gasoline tax also came to include aircraft and jet fuel, the taxes of which are used by the Board of Aviation in maintaining public airports.

## ***What body of law regulates Fuels Tax?***

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Fuels Tax is regulated by Oregon Revised Statute (ORS) 319 – Motor Vehicle and Aircraft Fuel Taxes.

ORS 319 is supported by Oregon Administrative Rule(s) (OAR) 735-170, 735-176 and 735-174.

## ***What are the specifics of this law?***

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ORS 319 is broken down into three parts: *Motor Vehicle Fuel and Aircraft Fuel Taxes, Use Fuel Tax, and Penalties.*

- *Motor Vehicle Fuel and Aircraft Fuel Taxes (non-diesel gasoline)* – A Motor Vehicle Fuel (MVF) dealer is defined as any person who imports, exports, produces, refines, manufactures, blends or compounds MVF or Aircraft Fuel. Upon the first sale of such fuel, the dealer is responsible for collecting and remitting to the State of Oregon the Fuels Tax at the following rates:

<p><b>Gasoline – 24¢ per gallon</b> <b>Aviation gas – 9¢ per gallon</b> <b>Jet Fuel – 1¢ per gallon</b></p>
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- *Use Fuel Taxes (diesel, propane and CNG)* – A Use Fuel (UF) seller is defined as any person who sells Use Fuel to a User by placing these fuels into a receptacle on a motor vehicle, from which receptacle the fuel supplied is used to propel the motor vehicle. Upon the sale of such fuel, the seller is responsible for

collecting and remitting to the State of Oregon the Fuels Tax at the following rate:

**Diesel, propane and CNG –  
24¢ per gallon**

- *Penalties* – ORS 319 provides specific penalties for violating part or all of the statute, including fine and/or imprisonment.

### ***Who must be licensed?***

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Anyone identified under the definitions of ORS 319 as an MVF Dealer, UF Seller or UF User must be licensed with the State of Oregon. Each license application is reviewed for eligibility and the appropriate license is issued.

### ***How is Fuels Tax paid and reported?***

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Licensees are required to submit tax reports and tax remittances to the State of Oregon using tax reports provided by the Department.

MVF taxes and reports must be remitted by the 25th day of the month following the month in which the sales occurred.

UF taxes and reports must be remitted by the 20th day of the month following the month in which the sales occurred.





## ***What if I no longer need a license?***

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If licensees find they no longer meet the definitions mandating licensing, they may, upon proper notification to the Department, cancel their license. The Department may also cancel a license based on the same determination and with proper notification.

The Department may also, if it deems warranted, suspend a license until compliance with ORS 319 is met. If compliance is not met, the Department may revoke the license.

## ***Are there exceptions to paying Fuels Tax?***

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Certain vehicles normally subject to Fuels Tax requirements may be exempt from compliance if certain conditions as prescribed in ORS 319 are met. For example, Use Fuel used in farming activities may be exempt or refundable.

Additionally, fuel not used to propel a motor vehicle on public roads and highways is not subject to taxation. Any taxes paid on fuel used in such a manner may be refundable.

## ***Will the department ever inspect my operations and records?***

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The department has assigned the Fuels Tax Group the responsibility to manage the Fuels Tax licensing and reporting activities. This is accomplished by periodic review of licensee operations, records and supporting documentation.

## **Our Mission**

Our mission is to make compliance as easy and efficient as possible while safeguarding the resources used to keep Oregon's highways and roads safe and in good repair.

### ***How do I contact the Fuels Tax Group at ODOT?***

You may contact us via e-mail at:  
[odotfuelstax@odot.state.or.us](mailto:odotfuelstax@odot.state.or.us)

You may also call us at:  
1-888-753-2525

Please visit our website for more information at:  
[www.oregon.gov/ODOT/CS/FTG](http://www.oregon.gov/ODOT/CS/FTG)

Related Information:  
[www.oregon.gov/ODOT/COMM/2006\\_KeyFacts](http://www.oregon.gov/ODOT/COMM/2006_KeyFacts)



*For Your Information* provides general information regarding Oregon's Fuels Tax laws. Although this booklet is a good faith effort to provide accurate information, the information is not binding on the Oregon Department of Transportation, nor does it replace, alter or supersede Oregon law or regulations.