

HOUSE BILL REPORT

SSB 6673

As Reported By House Committee On:
Transportation

Title: An act relating to fuel tax evasion.

Brief Description: Combatting fuel tax evasion.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators Owen and Wood).

Brief History:

Committee Activity:

Transportation: 2/22/96 [DP].

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 24 members: Representatives K. Schmidt, Chairman; Mitchell, Vice Chairman; Skinner, Vice Chairman; R. Fisher, Ranking Minority Member; Hatfield, Assistant Ranking Minority Member; Backlund; Blanton; Brown; Buck; Cairnes; Chopp; Elliot; Hankins; Horn; Johnson; McMahan; Ogden; Quall; Robertson; Romero; D. Schmidt; Scott; Sterk and Tokuda.

Staff: Roger Horn (786-7839).

Background: In Washington motor fuel taxes are collected at the distributor level. Fuel taxes are collected by motor vehicle fuel (gasoline) distributors, special fuel (diesel) dealers, and aviation fuel distributors and paid to the Department of Licensing (DOL). Dealers and distributors must be licensed with the department. Fuel tax evasion is a Class C felony and, upon conviction, the evader is liable for the taxes owed and a 100 percent penalty assessment.

During the 1995 interim the Legislative Transportation Committee convened a task force of legislators and stakeholders to examine fuel tax evasion. An interim report was presented in December. The final report is due in March.

Summary of Bill: Fuel tax revenues collected by motor fuel dealers and distributors are considered to be held in trust for the state. Personal liability for unpaid taxes is applied to persons, partnerships, and corporations. Nonpayment of funds held in trust and illegally claiming that fuel has been exported to avoid payment of fuel tax are

deemed felonies or gross misdemeanors, depending on the magnitude of the offense. Miscellaneous offenses in the aviation fuel statutes are deemed gross misdemeanors rather than misdemeanors.

Items to be included on the application for a dealer or distributor's license are set forth. A person who supplies false information on the application may be prosecuted for false swearing. DOL is given authority to gather updated application information from current license holders. The reasons for which DOL may revoke or refuse to issue a distributor or dealer license are expanded.

DOL is authorized to conduct background investigations, including fingerprint record checks, of motor fuel distributors and dealers before issuing licenses. Applicants are to be charged \$50 for each background check.

Dealers and distributors must retain records for five years rather than three years.

By July 1, 1996, DOL must establish a fuel tax advisory group of state agency and petroleum industry representatives. By December 1, 1996, DOL is required to draft language to merge the motor vehicle fuel, special fuel, and aviation fuel statutes into one RCW chapter. By December 31, 1996, DOL must develop a database of license application information.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: None.

Testimony Against: None.

Testified: None.