

FINAL BILL REPORT

SHB 1560

C 287 L 95

Synopsis as Enacted

Brief Description: Penalizing fuel tax evasion.

Sponsors: House Committee on Transportation (originally sponsored by Representatives K. Schmidt and Blanton; by request of Attorney General).

House Committee on Transportation
Senate Committee on Law & Justice

Background: It is a gross misdemeanor for a fuel tax distributor to evade paying motor vehicle fuel or special fuel taxes. The maximum penalty is \$5,000 and one year in jail. In addition, the guilty party must pay the taxes owed, interest at 1.0 percent per month, and a penalty of 2.0 percent of taxes owed for motor vehicle fuel taxes and 10 percent for special fuel taxes. The statute of limitations pertaining to fuel tax evasion is two years.

A task force established by the Attorney General looked into economic crimes. The task force determined that the state is very likely losing substantial revenue through criminal evasion of motor vehicle fuel taxes. One problem that the task force discovered was that investigations of fuel tax evasion often take longer than the existing two-year statute of limitations to develop sufficient evidence to bring criminal charges. It was also felt that the amount of money involved justifies making this crime a felony with more serious penalties to deter future evasion.

Summary: Intentionally evading the payment of motor vehicle fuel and special fuel taxes is a Class C felony. As a Class C felony, a fine of up to \$10,000 and imprisonment of up to five years may be imposed. A person or corporation convicted under this law must pay the tax evaded plus interest at a rate of 12 percent per year and a penalty of 100 percent of the tax evaded. The 100 percent penalty is deposited in the state transportation fund. The statute of limitations for this crime is five years.

Votes on Final Passage:

House	94	0	
Senate	39	8	(Senate amended)
House			(House refused to concur)
Senate	37	3	(Senate receded)
Senate	46	1	(Senate reconsidered)
House	96	0	(House concurred)

Effective: July 23, 1995