

# SENATE BILL REPORT

## SHB 1560

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As Reported By Senate Committee On:  
Law & Justice, March 30, 1995

**Title:** An act relating to evasion of fuel tax.

**Brief Description:** Penalizing fuel tax evasion.

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

**Brief History:** Passed House 3/13/95, 94-0.

**Committee Activity:** Law & Justice: 3/28/95, 3/30/95 [DPA].

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### SENATE COMMITTEE ON LAW & JUSTICE

**Majority Report:** Do pass as amended.

Signed by Senators Smith, Chair; Hargrove, Haugen, Johnson, Long, McCaslin, Quigley, Roach and Schow.

**Staff:** Martin Lovinger (786-7443)

**Background:** Under current law, it is a gross misdemeanor to evade payment of the tax on the various motor vehicle fuels. The maximum penalty is a \$5,000 fine and a year in jail. The statute of limitations 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 is also felt that the amount of money involved justifies making this crime a felony with more serious penalties to deter future evasion.

**Summary of Amended Bill:** It is a class C felony to intentionally avoid payment of the tax on fuels used to propel motor vehicles. Persons or corporations convicted under this law are subject to imprisonment for up to five years and/or a fine up to \$10,000. In addition, they are also required to pay the tax evaded, plus interest, and a penalty of 50 percent of the tax evaded to be paid into the general fund. The statute of limitations for this crime is five years.

**Amended Bill Compared to Substitute Bill:** The penalty amount in the substitute bill is 100 percent of the tax evaded. The penalty is paid into the transportation fund in the substitute bill.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This bill is the work of a task force that looked into economic crimes. The real problem is fuel tax evasion and the fact that current law handicaps enforcement. More effective enforcement is necessary to level the playing field and eliminate the competitive advantage of those who evade paying fuel taxes.

**Testimony Against:** None.

**Testified:** Michael Schwartz, Attorney General's Office (pro); Tim Hamilton, Automotive United Trade Organization (pro).