

SENATE BILL REPORT

SB 6741

As of February 9, 1998

Title: An act relating to exemption of noncommercial marine fuel from sales and use taxes.

Brief Description: Exempting noncommercial marine fuel from sales and use tax.

Sponsors: Senators Horn, Haugen, Oke, Rasmussen, Wood, Goings and Benton.

Brief History:

Committee Activity: Transportation: 2/9/98.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Reema Shawa (786-7301)

Background: Under current law, users of motor vehicle fuel for marine purposes pay sales tax and use tax on the fuel. The only uses that are currently exempt from the sales and use taxes are: fuel used in aircraft for research, development, and testing purposes; fuel purchased for the purpose of public transportation; fuel purchased by private, nonprofit transportation providers; fuel which is subject to motor vehicle fuel tax or special fuel tax; and fuel transported and used outside of the state by persons engaged in interstate commerce.

Users of motor vehicle fuel for marine purposes do pay the motor vehicle fuel tax. However, because the use of the fuel is for non-highway purposes, the taxpayer is entitled to a refund of the motor vehicle fuel tax paid. Because marine users are entitled to receive this refund, they are then required to pay the sales and use tax on the fuel.

Summary of Bill: Motor vehicle fuel and special fuel used for noncommercial marine purposes are exempt from the sales tax and the use tax.

Appropriation: None.

Fiscal Note: Requested on February 6, 1998.

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