
SUBSTITUTE HOUSE BILL 2660

State of Washington

62nd Legislature

2012 Regular Session

By House Transportation (originally sponsored by Representatives Clibborn, Ryu, Moeller, Finn, Billig, Eddy, Fitzgibbon, and Moscoso; by request of Governor Gregoire)

READ FIRST TIME 02/07/12.

1 AN ACT Relating to transportation revenue; reenacting and amending
2 RCW 43.84.092; adding a new section to chapter 46.08 RCW; adding a new
3 section to chapter 46.68 RCW; creating a new section; and providing an
4 effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that the state's
7 transportation system is the backbone of Washington's economy and must
8 be well-coordinated and well-maintained to enable people and goods to
9 move safely and efficiently throughout the state.

10 The legislature further finds that the purchasing power of funds to
11 pay for operations and maintenance continues to decline while costs
12 have risen. Without additional funding: The state department of
13 transportation will not be able to preserve the state's highways and
14 bridges or maintain ferry service; counties will not have funding to
15 maintain county roads and fix unsound bridges; and cities will not have
16 sufficient funds to maintain streets and bridges, and pavement
17 conditions will continue to decline.

18 The legislature intends that the barrel fee in this act constitutes
19 a dedicated source of funds for operating and maintaining the state's

1 highway and ferry system. The legislature further intends that the
2 barrel fee constitutes state revenue intended to be used for highway
3 purposes, is levied only for highway purposes provided in Article II,
4 section 40 of the state Constitution, and is specifically placed in the
5 motor vehicle fund to be used for those highway purposes.

6 NEW SECTION. **Sec. 2.** A new section is added to chapter 46.08 RCW
7 to read as follows:

8 (1) A fee is imposed on every person who refines petroleum products
9 in this state. The amount of the fee is one dollar and fifty cents per
10 barrel on each barrel of petroleum product refined in this state to be
11 used for transportation purposes in the state of Washington.

12 (2) The department must collect the fee imposed under this section.
13 Chapter 82.32 RCW applies to the administration, collection, and
14 enforcement of the fee imposed under this section.

15 (3) The director shall forward all proceeds from the barrel fee
16 collected under this section to the state treasurer to be distributed
17 according to the following method:

18 (a) Fifty percent must be deposited into the state transportation
19 operations and maintenance account created in section 3 of this act;

20 (b) Twenty-five percent must be apportioned monthly as such funds
21 accrue among the several cities and towns within the state ratably on
22 the basis of the population last determined by the office of financial
23 management; and

24 (c) Twenty-five percent must be apportioned monthly to the several
25 counties in accordance with RCW 46.68.122 and 46.68.124.

26 (4) The barrel fee imposed in subsection (1) of this section:

27 (a) May be used only for maintaining and operating the
28 transportation system;

29 (b) May not be used for the general support of state government;

30 (c) Constitutes state revenue intended to be used for highway
31 purposes under Article II, section 40 of the state Constitution; and

32 (d) Is imposed to mitigate the impact of the transportation of oil
33 on state roads and highways and the use of petroleum product for
34 transportation purposes on public roads or on Puget Sound.

35 (5) Any person having paid the fee imposed under this section who
36 uses petroleum product for a purpose other than a transportation
37 purpose may claim a refund or credit against the fee paid respective to

1 petroleum product used for nontransportation purposes. The refund or
2 credit allowed under this section must be claimed on such forms and is
3 subject to such requirements as the department may prescribe by rule.

4 (6) For purposes of this section:

5 (a) "Barrel" means a unit of measurement of volume equal to forty-
6 two United States gallons of crude oil or petroleum product.

7 (b) "Department" means the department of revenue.

8 (c) "Person" has the meaning as provided in RCW 82.04.030.

9 (d) "Petroleum product" means any liquid hydrocarbons at
10 atmospheric temperature and pressure that are the product of
11 fractionation, distillation, or other refining or processing of crude
12 oil, and that are used as, useable as, or may be refined as fuel, or
13 fuel blendstock, including gasoline, diesel fuel, aviation fuel,
14 asphalt and road oil, lubricants, and heavy fuel oil.

15 (e) "Used for transportation purposes" means petroleum products
16 used as:

17 (i) A source of fuel to propel motor vehicles on public roads;

18 (ii) A source of fuel for the delivery of petroleum product; and

19 (iii) An ingredient or component of substances used to operate,
20 build, repair, improve, or maintain public roads.

21 NEW SECTION. **Sec. 3.** A new section is added to chapter 46.68 RCW
22 to read as follows:

23 The state transportation operations and maintenance account is
24 created in the motor vehicle fund established in RCW 46.68.070. All
25 revenues received by the department for the state from the barrel fee
26 created in section 2 of this act must be deposited into the account.
27 Moneys in the account may only be spent after appropriation.
28 Consistent with Article II, section 40 of the state Constitution,
29 expenditures from the account may be used only for the operations and
30 maintenance of state roads and highways and state ferries.

31 **Sec. 4.** RCW 43.84.092 and 2011 1st sp.s. c 16 s 6, 2011 1st sp.s.
32 c 7 s 22, 2011 c 369 s 6, 2011 c 339 s 1, 2011 c 311 s 9, 2011 c 272 s
33 3, 2011 c 120 s 3, and 2011 c 83 s 7 are each reenacted and amended to
34 read as follows:

35 (1) All earnings of investments of surplus balances in the state

1 treasury shall be deposited to the treasury income account, which
2 account is hereby established in the state treasury.

3 (2) The treasury income account shall be utilized to pay or receive
4 funds associated with federal programs as required by the federal cash
5 management improvement act of 1990. The treasury income account is
6 subject in all respects to chapter 43.88 RCW, but no appropriation is
7 required for refunds or allocations of interest earnings required by
8 the cash management improvement act. Refunds of interest to the
9 federal treasury required under the cash management improvement act
10 fall under RCW 43.88.180 and shall not require appropriation. The
11 office of financial management shall determine the amounts due to or
12 from the federal government pursuant to the cash management improvement
13 act. The office of financial management may direct transfers of funds
14 between accounts as deemed necessary to implement the provisions of the
15 cash management improvement act, and this subsection. Refunds or
16 allocations shall occur prior to the distributions of earnings set
17 forth in subsection (4) of this section.

18 (3) Except for the provisions of RCW 43.84.160, the treasury income
19 account may be utilized for the payment of purchased banking services
20 on behalf of treasury funds including, but not limited to, depository,
21 safekeeping, and disbursement functions for the state treasury and
22 affected state agencies. The treasury income account is subject in all
23 respects to chapter 43.88 RCW, but no appropriation is required for
24 payments to financial institutions. Payments shall occur prior to
25 distribution of earnings set forth in subsection (4) of this section.

26 (4) Monthly, the state treasurer shall distribute the earnings
27 credited to the treasury income account. The state treasurer shall
28 credit the general fund with all the earnings credited to the treasury
29 income account except:

30 (a) The following accounts and funds shall receive their
31 proportionate share of earnings based upon each account's and fund's
32 average daily balance for the period: The aeronautics account, the
33 aircraft search and rescue account, the budget stabilization account,
34 the capital vessel replacement account, the capitol building
35 construction account, the Cedar River channel construction and
36 operation account, the Central Washington University capital projects
37 account, the charitable, educational, penal and reformatory
38 institutions account, the cleanup settlement account, the Columbia

1 river basin water supply development account, the Columbia river basin
2 taxable bond water supply development account, the Columbia river basin
3 water supply revenue recovery account, the common school construction
4 fund, the county arterial preservation account, the county criminal
5 justice assistance account, the county sales and use tax equalization
6 account, the deferred compensation administrative account, the deferred
7 compensation principal account, the department of licensing services
8 account, the department of retirement systems expense account, the
9 developmental disabilities community trust account, the drinking water
10 assistance account, the drinking water assistance administrative
11 account, the drinking water assistance repayment account, the Eastern
12 Washington University capital projects account, the Interstate 405
13 express toll lanes operations account, the education construction fund,
14 the education legacy trust account, the election account, the energy
15 freedom account, the energy recovery act account, the essential rail
16 assistance account, The Evergreen State College capital projects
17 account, the federal forest revolving account, the ferry bond
18 retirement fund, the freight congestion relief account, the freight
19 mobility investment account, the freight mobility multimodal account,
20 the grade crossing protective fund, the public health services account,
21 the health system capacity account, the high capacity transportation
22 account, the state higher education construction account, the higher
23 education construction account, the highway bond retirement fund, the
24 highway infrastructure account, the highway safety account, the high
25 occupancy toll lanes operations account, the hospital safety net
26 assessment fund, the industrial insurance premium refund account, the
27 judges' retirement account, the judicial retirement administrative
28 account, the judicial retirement principal account, the local leasehold
29 excise tax account, the local real estate excise tax account, the local
30 sales and use tax account, the marine resources stewardship trust
31 account, the medical aid account, the mobile home park relocation fund,
32 the motor vehicle fund, the motorcycle safety education account, the
33 multiagency permitting team account, the multimodal transportation
34 account, the municipal criminal justice assistance account, the
35 municipal sales and use tax equalization account, the natural resources
36 deposit account, the oyster reserve land account, the pension funding
37 stabilization account, the perpetual surveillance and maintenance
38 account, the public employees' retirement system plan 1 account, the

1 public employees' retirement system combined plan 2 and plan 3 account,
2 the public facilities construction loan revolving account beginning
3 July 1, 2004, the public health supplemental account, the public
4 transportation systems account, the public works assistance account,
5 the Puget Sound capital construction account, the Puget Sound ferry
6 operations account, the Puyallup tribal settlement account, the real
7 estate appraiser commission account, the recreational vehicle account,
8 the regional mobility grant program account, the resource management
9 cost account, the rural arterial trust account, the rural mobility
10 grant program account, the rural Washington loan fund, the site closure
11 account, the skilled nursing facility safety net trust fund, the small
12 city pavement and sidewalk account, the special category C account, the
13 special wildlife account, the state employees' insurance account, the
14 state employees' insurance reserve account, the state investment board
15 expense account, the state investment board commingled trust fund
16 accounts, the state patrol highway account, the state route number 520
17 civil penalties account, the state route number 520 corridor account,
18 the state transportation operations and maintenance account, the state
19 wildlife account, the supplemental pension account, the Tacoma Narrows
20 toll bridge account, the teachers' retirement system plan 1 account,
21 the teachers' retirement system combined plan 2 and plan 3 account, the
22 tobacco prevention and control account, the tobacco settlement account,
23 the transportation 2003 account (nickel account), the transportation
24 equipment fund, the transportation fund, the transportation improvement
25 account, the transportation improvement board bond retirement account,
26 the transportation infrastructure account, the transportation
27 partnership account, the traumatic brain injury account, the tuition
28 recovery trust fund, the University of Washington bond retirement fund,
29 the University of Washington building account, the volunteer
30 firefighters' and reserve officers' relief and pension principal fund,
31 the volunteer firefighters' and reserve officers' administrative fund,
32 the Washington judicial retirement system account, the Washington law
33 enforcement officers' and firefighters' system plan 1 retirement
34 account, the Washington law enforcement officers' and firefighters'
35 system plan 2 retirement account, the Washington public safety
36 employees' plan 2 retirement account, the Washington school employees'
37 retirement system combined plan 2 and 3 account, the Washington state
38 economic development commission account, the Washington state health

1 insurance pool account, the Washington state patrol retirement account,
2 the Washington State University building account, the Washington State
3 University bond retirement fund, the water pollution control revolving
4 fund, and the Western Washington University capital projects account.
5 Earnings derived from investing balances of the agricultural permanent
6 fund, the normal school permanent fund, the permanent common school
7 fund, the scientific permanent fund, and the state university permanent
8 fund shall be allocated to their respective beneficiary accounts.

9 (b) Any state agency that has independent authority over accounts
10 or funds not statutorily required to be held in the state treasury that
11 deposits funds into a fund or account in the state treasury pursuant to
12 an agreement with the office of the state treasurer shall receive its
13 proportionate share of earnings based upon each account's or fund's
14 average daily balance for the period.

15 (5) In conformance with Article II, section 37 of the state
16 Constitution, no treasury accounts or funds shall be allocated earnings
17 without the specific affirmative directive of this section.

18 NEW SECTION. **Sec. 5.** This act takes effect October 1, 2012.

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