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HOUSE BILL 2913

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State of Washington

66th Legislature

2020 Regular Session

By Representatives Fey and Chapman

Read first time 01/31/20. Referred to Committee on Transportation.

1 AN ACT Relating to transportation revenue; amending RCW 82.38.030  
2 and 46.68.090; reenacting and amending RCW 43.84.092; adding a new  
3 section to chapter 46.68 RCW; and providing an effective date.

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

5 **Sec. 1.** RCW 82.38.030 and 2015 3rd sp.s. c 44 s 103 are each  
6 amended to read as follows:

7 (1) There is levied and imposed upon fuel licensees a tax at the  
8 rate of twenty-three cents per gallon of fuel.

9 (2) Beginning July 1, 2003, an additional and cumulative tax rate  
10 of five cents per gallon of fuel is imposed on fuel licensees. This  
11 subsection (2) expires when the bonds issued for transportation 2003  
12 projects are retired.

13 (3) Beginning July 1, 2005, an additional and cumulative tax rate  
14 of three cents per gallon of fuel is imposed on fuel licensees.

15 (4) Beginning July 1, 2006, an additional and cumulative tax rate  
16 of three cents per gallon of fuel is imposed on fuel licensees.

17 (5) Beginning July 1, 2007, an additional and cumulative tax rate  
18 of two cents per gallon of fuel is imposed on fuel licensees.

19 (6) Beginning July 1, 2008, an additional and cumulative tax rate  
20 of one and one-half cents per gallon of fuel is imposed on fuel  
21 licensees.

1 (7) Beginning August 1, 2015, an additional and cumulative tax  
2 rate of seven cents per gallon of fuel is imposed on fuel licensees.

3 (8) Beginning July 1, 2016, an additional and cumulative tax rate  
4 of four and nine-tenths cents per gallon of fuel is imposed on fuel  
5 licensees.

6 (9) Beginning July 1, 2020, an additional and cumulative tax rate  
7 of seven-tenths of one cent per gallon of fuel is imposed on fuel  
8 licensees.

9 (10) Beginning July 1, 2021, an additional and cumulative tax  
10 rate of one cent per gallon of fuel is imposed on fuel licensees.

11 (11) Beginning July 1, 2022, an additional and cumulative tax  
12 rate of one cent per gallon of fuel is imposed on fuel licensees.

13 (12) Beginning July 1, 2023, an additional and cumulative tax  
14 rate of one cent per gallon of fuel is imposed on fuel licensees.

15 (13) Beginning July 1, 2024, an additional and cumulative tax  
16 rate of one cent per gallon of fuel is imposed on fuel licensees.

17 (14) Beginning July 1, 2025, an additional and cumulative tax  
18 rate of one cent per gallon of fuel is imposed on fuel licensees.

19 (15) Beginning July 1, 2026, an additional and cumulative tax  
20 rate of one cent per gallon of fuel is imposed on fuel licensees.

21 (16) Beginning July 1, 2027, an additional and cumulative tax  
22 rate of one cent per gallon of fuel is imposed on fuel licensees.

23 (17) Beginning July 1, 2028, an additional and cumulative tax  
24 rate of one cent per gallon of fuel is imposed on fuel licensees.

25 (18) Beginning July 1, 2029, an additional and cumulative tax  
26 rate of one cent per gallon of fuel is imposed on fuel licensees.

27 (19) Taxes are imposed when:

28 (a) Fuel is removed in this state from a terminal if the fuel is  
29 removed at the rack unless the removal is by a licensed supplier or  
30 distributor for direct delivery to a destination outside of the  
31 state, or the removal is by a fuel supplier for direct delivery to an  
32 international fuel tax agreement licensee under RCW 82.38.320;

33 (b) Fuel is removed in this state from a refinery if either of  
34 the following applies:

35 (i) The removal is by bulk transfer and the refiner or the owner  
36 of the fuel immediately before the removal is not a licensed  
37 supplier; or

38 (ii) The removal is at the refinery rack unless the removal is to  
39 a licensed supplier or distributor for direct delivery to a  
40 destination outside of the state, or the removal is to a licensed

1 supplier for direct delivery to an international fuel tax agreement  
2 licensee under RCW 82.38.320;

3 (c) Fuel enters into this state for sale, consumption, use, or  
4 storage, unless the fuel enters this state for direct delivery to an  
5 international fuel tax agreement licensee under RCW 82.38.320, if  
6 either of the following applies:

7 (i) The entry is by bulk transfer and the importer is not a  
8 licensed supplier; or

9 (ii) The entry is not by bulk transfer;

10 (d) Fuel enters this state by means outside the bulk transfer-  
11 terminal system and is delivered directly to a licensed terminal  
12 unless the owner is a licensed distributor or supplier;

13 (e) Fuel is sold or removed in this state to an unlicensed entity  
14 unless there was a prior taxable removal, entry, or sale of the fuel;

15 (f) Blended fuel is removed or sold in this state by the blender  
16 of the fuel. The number of gallons of blended fuel subject to tax is  
17 the difference between the total number of gallons of blended fuel  
18 removed or sold and the number of gallons of previously taxed fuel  
19 used to produce the blended fuel;

20 (g) Dyed special fuel is used on a highway, as authorized by the  
21 internal revenue code, unless the use is exempt from the fuel tax;

22 (h) Dyed special fuel is held for sale, sold, used, or is  
23 intended to be used in violation of this chapter;

24 (i) Special fuel purchased by an international fuel tax agreement  
25 licensee under RCW 82.38.320 is used on a highway; and

26 (j) Fuel is sold by a licensed fuel supplier to a fuel  
27 distributor or fuel blender and the fuel is not removed from the bulk  
28 transfer-terminal system.

29 **Sec. 2.** RCW 46.68.090 and 2015 3rd sp.s. c 44 s 105 are each  
30 amended to read as follows:

31 (1) All moneys that have accrued or may accrue to the motor  
32 vehicle fund from the fuel tax must be first expended for purposes  
33 enumerated in (a) and (b) of this subsection. The remaining net tax  
34 amount must be distributed monthly by the state treasurer in  
35 accordance with subsections (2) through (~~(8)~~) (9) of this section.

36 (a) For payment of refunds of fuel tax that has been paid and is  
37 refundable as provided by law;

38 (b) For payment of amounts to be expended pursuant to  
39 appropriations for the administrative expenses of the offices of

1 state treasurer, state auditor, and the department of licensing of  
2 the state of Washington in the administration of the fuel tax, which  
3 sums must be distributed monthly.

4 (2) All of the remaining net tax amount collected under RCW  
5 82.38.030(1) must be distributed as set forth in (a) through (j) of  
6 this subsection.

7 (a) For distribution to the motor vehicle fund an amount equal to  
8 44.387 percent to be expended for highway purposes of the state as  
9 defined in RCW 46.68.130;

10 (b)(i) For distribution to the special category C account, hereby  
11 created in the motor vehicle fund, an amount equal to 3.2609 percent  
12 to be expended for special category C projects. Special category C  
13 projects are category C projects that, due to high cost only, will  
14 require bond financing to complete construction.

15 (ii) The following criteria, listed in order of priority, must be  
16 used in determining which special category C projects have the  
17 highest priority:

18 (A) Accident experience;

19 (B) Fatal accident experience;

20 (C) Capacity to move people and goods safely and at reasonable  
21 speeds without undue congestion; and

22 (D) Continuity of development of the highway transportation  
23 network.

24 (iii) Moneys deposited in the special category C account in the  
25 motor vehicle fund may be used for payment of debt service on bonds  
26 the proceeds of which are used to finance special category C projects  
27 under this subsection (2)(b);

28 (c) For distribution to the Puget Sound ferry operations account  
29 in the motor vehicle fund an amount equal to 2.3283 percent;

30 (d) For distribution to the Puget Sound capital construction  
31 account in the motor vehicle fund an amount equal to 2.3726 percent;

32 (e) For distribution to the transportation improvement account in  
33 the motor vehicle fund an amount equal to 7.5597 percent;

34 (f) For distribution to the transportation improvement account in  
35 the motor vehicle fund an amount equal to 5.6739 percent and expended  
36 in accordance with RCW 47.26.086;

37 (g) For distribution to the cities and towns from the motor  
38 vehicle fund an amount equal to 10.6961 percent in accordance with  
39 RCW 46.68.110;

1 (h) For distribution to the counties from the motor vehicle fund  
2 an amount equal to 19.2287 percent: (i) Out of which there must be  
3 distributed from time to time, as directed by the department of  
4 transportation, those sums as may be necessary to carry out the  
5 provisions of RCW 47.56.725; and (ii) less any amounts appropriated  
6 to the county road administration board to implement the provisions  
7 of RCW 47.56.725(4), with the balance of such county share to be  
8 distributed monthly as the same accrues for distribution in  
9 accordance with RCW 46.68.120;

10 (i) For distribution to the county arterial preservation account,  
11 hereby created in the motor vehicle fund an amount equal to 1.9565  
12 percent. These funds must be distributed by the county road  
13 administration board to counties in proportions corresponding to the  
14 number of paved arterial lane miles in the unincorporated area of  
15 each county and must be used for improvements to sustain the  
16 structural, safety, and operational integrity of county arterials.  
17 The county road administration board must adopt reasonable rules and  
18 develop policies to implement this program and to assure that a  
19 pavement management system is used;

20 (j) For distribution to the rural arterial trust account in the  
21 motor vehicle fund an amount equal to 2.5363 percent and expended in  
22 accordance with RCW 36.79.020.

23 (3) The remaining net tax amount collected under RCW 82.38.030(2)  
24 must be distributed to the transportation 2003 account (nickel  
25 account).

26 (4) The remaining net tax amount collected under RCW 82.38.030(3)  
27 must be distributed as follows:

28 (a) 8.3333 percent must be distributed to the incorporated cities  
29 and towns of the state in accordance with RCW 46.68.110;

30 (b) 8.3333 percent must be distributed to counties of the state  
31 in accordance with RCW 46.68.120; and

32 (c) The remainder must be distributed to the transportation  
33 partnership account created in RCW 46.68.290.

34 (5) The remaining net tax amount collected under RCW 82.38.030(4)  
35 must be distributed as follows:

36 (a) 8.3333 percent must be distributed to the incorporated cities  
37 and towns of the state in accordance with RCW 46.68.110;

38 (b) 8.3333 percent must be distributed to counties of the state  
39 in accordance with RCW 46.68.120; and

1 (c) The remainder must be distributed to the transportation  
2 partnership account created in RCW 46.68.290.

3 (6) The remaining net tax amount collected under RCW 82.38.030  
4 (5) and (6) must be distributed to the transportation partnership  
5 account created in RCW 46.68.290.

6 (7) The remaining net tax amount collected under RCW 82.38.030  
7 (7) and (8) must be distributed to the connecting Washington account  
8 created in RCW 46.68.395.

9 (8) The remaining net tax amount collected under RCW 82.38.030  
10 (9) through (18) must be distributed to the fish passage barrier  
11 removal account created in section 3 of this act.

12 (9) Nothing in this section or in RCW 46.68.130 may be construed  
13 so as to violate any terms or conditions contained in any highway  
14 construction bond issues now or hereafter authorized by statute and  
15 whose payment is by such statute pledged to be paid from any excise  
16 taxes on fuel.

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

19 (1) The fish passage barrier removal account is created in the  
20 state treasury. All receipts from the tax amount collected in RCW  
21 82.38.030 (9) through (18) must be deposited into the account. Moneys  
22 in the account may be spent only after appropriation. Expenditures  
23 from the account may be spent on principal, interest, and  
24 administrative costs related to bonds authorized for fish passage  
25 barrier removal projects.

26 (2) The legislature may appropriate moneys in the account only to  
27 the department of transportation for the purpose of capital and  
28 operating expenditures directly related to the removal of fish  
29 passage barriers on land owned or managed by the state department of  
30 transportation.

31 **Sec. 4.** RCW 43.84.092 and 2019 c 421 s 15, 2019 c 403 s 14, 2019  
32 c 365 s 19, 2019 c 287 s 19, and 2019 c 95 s 6 are each reenacted and  
33 amended to read as follows:

34 (1) All earnings of investments of surplus balances in the state  
35 treasury shall be deposited to the treasury income account, which  
36 account is hereby established in the state treasury.

37 (2) The treasury income account shall be utilized to pay or  
38 receive funds associated with federal programs as required by the

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

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

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

28 (a) The following accounts and funds shall receive their  
29 proportionate share of earnings based upon each account's and fund's  
30 average daily balance for the period: The abandoned recreational  
31 vehicle disposal account, the aeronautics account, the aircraft  
32 search and rescue account, the Alaskan Way viaduct replacement  
33 project account, the brownfield redevelopment trust fund account, the  
34 budget stabilization account, the capital vessel replacement account,  
35 the capitol building construction account, the Cedar River channel  
36 construction and operation account, the Central Washington University  
37 capital projects account, the charitable, educational, penal and  
38 reformatory institutions account, the Chehalis basin account, the  
39 cleanup settlement account, the Columbia river basin water supply  
40 development account, the Columbia river basin taxable bond water

1 supply development account, the Columbia river basin water supply  
2 revenue recovery account, the common school construction fund, the  
3 community forest trust account, the connecting Washington account,  
4 the county arterial preservation account, the county criminal justice  
5 assistance account, the deferred compensation administrative account,  
6 the deferred compensation principal account, the department of  
7 licensing services account, the department of licensing tuition  
8 recovery trust fund, the department of retirement systems expense  
9 account, the developmental disabilities community trust account, the  
10 diesel idle reduction account, the drinking water assistance account,  
11 the drinking water assistance administrative account, the early  
12 learning facilities development account, the early learning  
13 facilities revolving account, the Eastern Washington University  
14 capital projects account, the education construction fund, the  
15 education legacy trust account, the election account, the electric  
16 vehicle account, the energy freedom account, the energy recovery act  
17 account, the essential rail assistance account, The Evergreen State  
18 College capital projects account, the federal forest revolving  
19 account, the ferry bond retirement fund, the fish passage barrier  
20 removal account, the freight mobility investment account, the freight  
21 mobility multimodal account, the grade crossing protective fund, the  
22 public health services account, the state higher education  
23 construction account, the higher education construction account, the  
24 highway bond retirement fund, the highway infrastructure account, the  
25 highway safety fund, the hospital safety net assessment fund, the  
26 industrial insurance premium refund account, the Interstate 405 and  
27 state route number 167 express toll lanes account, the judges'  
28 retirement account, the judicial retirement administrative account,  
29 the judicial retirement principal account, the local leasehold excise  
30 tax account, the local real estate excise tax account, the local  
31 sales and use tax account, the marine resources stewardship trust  
32 account, the medical aid account, the mobile home park relocation  
33 fund, the money-purchase retirement savings administrative account,  
34 the money-purchase retirement savings principal account, the motor  
35 vehicle fund, the motorcycle safety education account, the multimodal  
36 transportation account, the multiuse roadway safety account, the  
37 municipal criminal justice assistance account, the natural resources  
38 deposit account, the oyster reserve land account, the pension funding  
39 stabilization account, the perpetual surveillance and maintenance  
40 account, the pollution liability insurance agency underground storage



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

1 account, the Washington law enforcement officers' and firefighters'  
2 system plan 2 retirement account, the Washington public safety  
3 employees' plan 2 retirement account, the Washington school  
4 employees' retirement system combined plan 2 and 3 account, the  
5 Washington state health insurance pool account, the Washington state  
6 patrol retirement account, the Washington State University building  
7 account, the Washington State University bond retirement fund, the  
8 water pollution control revolving administration account, the water  
9 pollution control revolving fund, the Western Washington University  
10 capital projects account, the Yakima integrated plan implementation  
11 account, the Yakima integrated plan implementation revenue recovery  
12 account, and the Yakima integrated plan implementation taxable bond  
13 account. Earnings derived from investing balances of the agricultural  
14 permanent fund, the normal school permanent fund, the permanent  
15 common school fund, the scientific permanent fund, the state  
16 university permanent fund, and the state reclamation revolving  
17 account shall be allocated to their respective beneficiary accounts.

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

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

27 NEW SECTION. **Sec. 5.** This act takes effect July 1, 2020.

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