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HOUSE BILL 2090

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State of Washington

54th Legislature

1995 Regular Session

By Representatives K. Schmidt, R. Fisher, Mitchell, Scott, Robertson, Hatfield, Skinner, Tokuda, Buck, Elliot, Ogden, Cairnes, Romero, Brown, Quall, Chopp, Patterson, Hankins and Blanton

Read first time . Referred to Committee on .

1 AN ACT Relating to taxation of gasohol; reenacting and amending RCW  
2 46.68.090 and 82.36.2251; adding a new section to chapter 225, Laws of  
3 1994; creating a new section; providing an effective date; and  
4 declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** A new section to read as follows is added to  
7 chapter 225, Laws of 1994, as section 1.5 thereof, to appear between  
8 sections 1 and 2, if that act is submitted to a vote of the people  
9 under the operation of section 3 thereof:

10 The gasohol exemption and credit was created in 1983 to help in-  
11 state producers of alcohol. The legislature finds that, for the  
12 following reasons, the gasohol exemption and credit granted to motor  
13 fuel distributors is not in the best interest of the citizens of the  
14 state of Washington:

15 (1) The federal Clean Air Act requires the use of gasohol or other  
16 oxygenated fuels in King, Pierce, Snohomish, Clark, and Spokane  
17 counties during fall and winter months, thereby diminishing the need to  
18 provide incentives to alcohol producers;

1 (2) The federal government also provides a fuel tax exemption of up  
2 to 5.4 cents per gallon of gasohol;

3 (3) If continued, the state exemption will cost the state about  
4 thirty million dollars per year, the equivalent of a one-cent gasoline  
5 tax;

6 (4) Only three of the seventeen alcohol producers certified to  
7 benefit from the exemption in 1993 are located in Washington;

8 (5) Over ninety percent of the alcohol qualifying for the exemption  
9 is provided by out-of-state firms, including several from outside the  
10 country;

11 (6) Gas tax revenue lost because of the exemption is badly needed  
12 for state, city, and county transportation projects.

13 **Sec. 2.** RCW 46.68.090 and 1994 c 225 s 2 and 1994 c 179 s 3 are  
14 each reenacted and amended to read as follows:

15 (1) All moneys that have accrued or may accrue to the motor vehicle  
16 fund from the motor vehicle fuel tax and special fuel tax shall be  
17 first expended for the following purposes:

18 (a) For payment of refunds of motor vehicle fuel tax and special  
19 fuel tax that has been paid and is refundable as provided by law;

20 (b) For payment of amounts to be expended pursuant to  
21 appropriations for the administrative expenses of the offices of state  
22 treasurer, state auditor, and the department of licensing of the state  
23 of Washington in the administration of the motor vehicle fuel tax and  
24 the special fuel tax, which sums shall be distributed monthly;

25 (c) From April 1, 1992, through March 31, 1996, for distribution to  
26 the transfer relief account, hereby created in the motor vehicle fund,  
27 an amount not to exceed three hundred twenty-five one-thousandths of  
28 one percent;

29 (d) For distribution to the rural arterial trust account in the  
30 motor vehicle fund, an amount as provided in RCW 82.36.025(2) and  
31 46.68.095(3);

32 (e) For distribution to the urban arterial trust account in the  
33 motor vehicle fund, an amount as provided in RCW 46.68.100(4) and  
34 82.36.025(3);

35 (f) For distribution to the transportation improvement account in  
36 the motor vehicle fund, an amount as provided in RCW 46.68.095(1);

1 (g) For distribution to the special category C account, hereby  
2 created in the motor vehicle fund, an amount as provided in RCW  
3 46.68.095(2);

4 (h) For distribution to the county arterial preservation account,  
5 hereby created in the motor vehicle fund, an amount as provided in RCW  
6 46.68.095(4);

7 (i) For distribution to the motor vehicle fund to be allocated to  
8 cities and towns as provided in RCW 46.68.110, an amount as provided in  
9 RCW 46.68.095(5);

10 (j) For distribution to the motor vehicle fund to be allocated to  
11 counties as provided in RCW 46.68.120, an amount as provided in RCW  
12 46.68.095(6);

13 (k) For expenditure for highway purposes of the state as defined in  
14 RCW 46.68.130, an amount as provided in RCW 82.36.025(4) and  
15 46.68.095(7);

16 (l) From July 1, (~~(1994)~~) 1995, through (~~(June 30)~~) December 31,  
17 1995, for distribution to the gasohol exemption holding account, hereby  
18 created in the motor vehicle fund, an amount equal to (~~(five and~~  
19 ~~thirty-four)~~) three and thirty-five one-hundredths of one percent of  
20 the amount available prior to distributions provided under (a) through  
21 (k) of this subsection, to be used only for highway construction;

22 (m) For distribution to the small city account, hereby created in  
23 the motor vehicle fund, an amount as provided for in RCW 46.68.095(1),  
24 46.68.100(9), and 82.36.025(3).

25 (2) The amount accruing to the motor vehicle fund by virtue of the  
26 motor vehicle fuel tax and the special fuel tax and remaining after  
27 payments, distributions, and expenditures as provided in this section  
28 shall, for the purposes of this chapter, be referred to as the "net tax  
29 amount."

30 **Sec. 3.** RCW 82.36.2251 and 1993 c 268 s 2 are each reenacted and  
31 amended to read as follows:

32 (1) In lieu of the former tax exemption and credit, a distributor  
33 is eligible for a refund of the motor fuel tax paid under this chapter  
34 on alcohol of any proof that is sold in this state for use as fuel in  
35 motor vehicles, farm implements and machines, or implements of  
36 husbandry (~~(is exempt from the motor vehicle fuel tax under this~~  
37 ~~chapter)~~) if such alcohol was manufactured by a company that has been

1 verified by the department as having sold less than eight million  
2 gallons of alcohol for use as motor fuel in the prior calendar year.

3 (2) In addition, a tax (~~(credit)~~) refund of sixty percent of the  
4 tax rate imposed by RCW 82.36.025 shall be given for every gallon of  
5 alcohol receiving (~~(the exemption)~~) a refund under subsection (1) of  
6 this section and used in an alcohol-gasoline blend which contains at  
7 least nine and one-half percent or more by volume of alcohol:  
8 PROVIDED, That in no case may the tax (~~(credit)~~) refund claimed be  
9 greater than the tax due on the gasoline portion of the blended fuel:  
10 AND PROVIDED FURTHER, That no refunds may be issued to distributors who  
11 fail to remit taxes owed under this chapter.

12 (3) Any tax refunds provided under this section must be made from  
13 the gasohol exemption holding account, created under RCW  
14 46.68.090(1)(1).

15 (4) No refunds authorized under this section may be provided until  
16 1994 c 225 is rejected by the people at a November general election.

17 (5) The state is not liable to provide refunds for any taxes  
18 collected as a result of the repeal of RCW 82.36.2251 by section 1,  
19 chapter 225, Laws of 1994, up to the effective date of this act.

20 (~~(+3)~~) (6) This section shall expire on December 31, 1999.

21 NEW SECTION. Sec. 4. If section 1, chapter 225, Laws of 1994 is  
22 upheld by order of the court of appeals or the supreme court of this  
23 state, this act is null and void.

24 NEW SECTION. Sec. 5. This act is necessary for the immediate  
25 preservation of the public peace, health, or safety, or support of the  
26 state government and its existing public institutions, and takes effect  
27 immediately, except for section 2 of this act, which takes effect July  
28 1, 1995.

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