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**SENATE BILL 5847**

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**State of Washington 68th Legislature 2024 Regular Session**

**By** Senators Liias, King, Hasegawa, Nobles, Shewmake, and C. Wilson; by request of Department of Licensing

AN ACT Relating to enhancing prorate and fuel tax collections by improving taxpayer compliance, providing additional enforcement mechanisms, and protecting confidential taxpayer information; amending RCW 46.87.020, 46.87.080, 46.87.350, 82.38.020, 82.38.072, 82.38.120, 82.38.140, 82.38.170, 82.38.220, 82.38.260, 82.38.270, 82.38.380, 82.42.118, and 82.42.210; reenacting and amending RCW 82.42.010; adding new sections to chapter 82.38 RCW; adding new sections to chapter 82.42 RCW; prescribing penalties; and providing an effective date.

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

**Sec.**  RCW 46.87.020 and 2015 c 228 s 2 are each amended to read as follows:

Provisions and terms used in this chapter have the meaning given to them in the international registration plan (IRP), in chapter 46.04 RCW, or as otherwise defined in this section. Definitions given to terms by the IRP prevail unless given a different meaning in this chapter or in rules adopted under authority of this chapter.

(1) "Adequate records" are records maintained by the owner of the fleet sufficient to enable the department to verify the distances reported in the owner's application for apportioned registration and to evaluate the accuracy of the owner's distance accounting system.

(2) "Apportionable vehicle" has the meaning given by the IRP, except that it does not include vehicles with a declared gross weight of ((~~twelve thousand~~)) 12,000 pounds or less.

(3) "Cab card" is a certificate of registration issued for a vehicle.

(4) "Credentials" means cab cards, apportioned plates, temporary operating authority, and validation tabs issued for proportionally registered vehicles.

(5) "Declared combined gross weight" means the total unladen weight of any combination of vehicles plus the maximum weight of the load to be carried on the combination of vehicles as declared by the registrant.

(6) "Declared gross weight" means the total unladen weight of any vehicle plus the maximum weight of the load to be carried on the vehicle as declared by the registrant. In the case of a bus, auto stage, or a passenger-carrying for hire vehicle with a seating capacity of more than six, the declared gross weight is determined by multiplying ((~~one hundred fifty~~)) 150 pounds by the number of seats in the vehicle, including the driver's seat, and adding this amount to the unladen weight of the vehicle. If the resultant gross weight is not listed in RCW 46.17.355, it must be increased to the next higher gross weight authorized in chapter 46.44 RCW.

(7) "Department" means the department of licensing.

(8) "Fleet" means one or more apportionable vehicles.

(9) "In-jurisdiction distance" means the total distance, in miles, accumulated in a jurisdiction during the reporting period by vehicles of the fleet while they were a part of the fleet.

(10) "IRP" means the international registration plan.

(11) "Jurisdiction" means and includes a state, territory or possession of the United States, the District of Columbia, the Commonwealth of Puerto Rico, a foreign country, and a state or province of a foreign country.

(12) "Motor carrier" means an entity engaged in the transportation of goods or persons. "Motor carrier" includes a for-hire motor carrier, private motor carrier, exempt motor carrier, registrant licensed under this chapter, motor vehicle lessor, and motor vehicle lessee.

(13) "Owner" means a person or business who holds the legal title to a vehicle, or if a vehicle is the subject of an agreement for its conditional sale with the right of purchase upon performance of the conditions stated in the agreement and with an immediate right of possession vested in the conditional vendee, or if a vehicle is subject to a lease, contract, or other legal arrangement vesting right of possession or control, for security or otherwise, or if a mortgagor of a vehicle is entitled to possession, then the owner is deemed to be the person or business in whom is vested right of possession or control.

((~~(13) [(14)]~~)) (14) "Person" means any individual, partnership, association, public or private corporation, limited liability company, or other type of legal or commercial entity, including its members, managers, partners, directors, or officers.

((~~(14) [(15)]~~)) (15) "Prorate percentage" is the factor applied to the total proratable fees and taxes to determine the apportionable fees required for registration in a jurisdiction. It is determined by dividing the in-jurisdiction distance for a particular jurisdiction by the total distance.

((~~(15) [(16)]~~)) (16) "Registrant" means a person, business, or corporation in whose name or names a vehicle or fleet of vehicles is registered.

((~~(16) [(17)]~~)) (17) "Registration year" means the ((~~twelve~~)) 12-month period during which the credentials issued by the base jurisdiction are valid.

((~~(17) [(18)]~~)) (18) "Reporting period" means the period of ((~~twelve~~)) 12 consecutive months immediately prior to July 1st of the calendar year immediately preceding the beginning of the registration year for which apportioned registration is sought. If the fleet registration period commences in October, November, or December, the reporting period is the period of ((~~twelve~~)) 12 consecutive months immediately preceding July 1st of the current calendar year.

((~~(18) [(19)]~~)) (19) "Total distance" means all distance operated by a fleet of apportioned vehicles. "Total distance" includes the full distance traveled in all vehicle movements, both interjurisdictional and intrajurisdictional, including loaded, unladen, deadhead, and bobtail distances. Distance traveled by a vehicle while under a trip lease is considered to have been traveled by the lessor's fleet. All distance, both interstate and intrastate, accumulated by vehicles of the fleet is included in the fleet distance.

(20) "Deny" means to decline acceptance of an application for licensure or reinstatement.

(21) "Refuse" has the same meaning as "deny" in subsection (20) of this section.

(22) "Revoke" means to prohibit all authority granted by this chapter, including the display and use of credentials issued by the department for a period of one year or greater or for an indefinite period.

(23) "Suspend" means to restrict the grant of authority under this chapter for a period of less than one year.

**Sec.**  RCW 46.87.080 and 2015 c 228 s 10 are each amended to read as follows:

(1) Upon making satisfactory application and payment of fees and taxes for proportional registration under this chapter, the department must issue credentials. License plates must be displayed as required under RCW 46.16A.200(5). The license plates must be of a design determined by the department. The license plates must be treated with reflectorized material and clearly marked with the words "WASHINGTON" and "APPORTIONED," both words to appear in full and without abbreviation.

(2) The cab card is the certificate of registration for the vehicle. The cab card must contain the name and address of the registrant as maintained in the records of the department, the license plate number assigned to the vehicle, the vehicle identification number, and other information the department may require. The cab card must be signed by the registrant, or a designated person if the registrant is a business, and must always be carried in the vehicle.

(3) The apportioned license plates are not transferable. License plates must be legible and remain with the vehicle until the department requires them to be removed.

(4) Validation tab(s) of a design determined by the department must be affixed to the license plate(s) as prescribed by the department and indicate the month and year for which the vehicle is registered.

(5) A fleet vehicle properly registered is deemed to be fully registered in this state for any type of legal movement or operation. In instances in which a permit or grant of authority is required for interstate or intrastate operation, the vehicle must not be operated in interstate or intrastate commerce unless the owner is granted the appropriate operating authority and the vehicle is being operated in conformity with that permit or operating authority.

(6) The department may deny, suspend, or revoke the credentials authorized under subsection (1) of this section to any person: (a) Who formerly held any type of license, registration, credentials, or permit issued by the department pursuant to chapter 46.16A, 46.44, 46.85, ((~~46.87,~~)) or 82.38 RCW or this chapter that has been revoked for cause, which cause has not been removed; (b) who is a subterfuge for the real party in interest whose license, registration, credentials, or permit issued by the department pursuant to chapter 46.16A, 46.44, 46.85, ((~~46.87,~~)) or 82.38 RCW or this chapter and has been revoked for cause, which cause has not been removed; (c) who, as a person, individual licensee, or officer, partner, director, owner, or managing employee of a nonindividual licensee, has had a license, registration, or permit issued by the department pursuant to chapter 46.16A, 46.44, 46.85, ((~~46.87,~~)) or 82.38 RCW or this chapter that has been revoked for cause, which cause has not been removed; (d) who has an unsatisfied debt to the state assessed under either chapter 46.16A, 46.44, 46.85, ((~~46.87,~~)) 82.38, or 82.44 RCW or this chapter; or (e) who, as a person, individual licensee, officer, partner, director, owner, or managing employee of a nonindividual licensee, has been prohibited from operating as a motor carrier by the federal motor carrier safety administration or Washington state patrol and the cause for such prohibition has not been satisfied.

(7) ((~~Before such denial, suspension, or revocation under subsection (6) of this section~~)) Any action initiated under subsection (6) of this section may be immediately issued as a notice of the adverse action. Upon service of that notice, the applicant, registrant, or owner must be granted 30 calendar days to request a review by the department on the action. If a timely request to review is received, the department must grant the applicant, registrant, or owner ((~~an informal hearing~~)) a review and at least ((~~ten~~)) 10 days written notice of the time ((~~and~~)), place, and method of the ((~~hearing~~)) review. If no request is received by the department, the action becomes final and subject to the provisions of RCW 46.87.300.

**Sec.**  RCW 46.87.350 and 2015 c 228 s 33 are each amended to read as follows:

If a person is delinquent in the payment of any obligation, the department may give notice of the amount of the delinquency, in person ((~~or~~)), by mail, or through electronic service, to persons having possession or control of credits or personal and real property belonging to the person, or owing any debts to the person. Any person notified may not transfer or dispose of credits, personal and real property, or debts without the consent of the department. A person notified must, within ((~~twenty~~)) 20 days after receipt of the notice, advise the department of any credits, personal and real property, or debts in his or her possession, under his or her control or owing by him or her, and must immediately deliver the credits, personal and real property, or debts to the department.

If a person fails to timely answer the notice, a court may render judgment by default against the person.

The notice and order to withhold and deliver constitutes a continuing lien on property of the person. The department must include in the notice to withhold and deliver "continuing lien." The effective date of a notice to withhold and deliver is the date of service.

**Sec.**  RCW 82.38.020 and 2013 c 225 s 102 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Blended fuel" means a mixture of fuel and another liquid, other than a de minimis amount of the liquid.

(2) "Blender" means a person who produces blended fuel outside the bulk transfer-terminal system.

(3) "Bond" means a bond duly executed with a corporate surety qualified under chapter 48.28 RCW payable to the state of Washington conditioned upon faithful performance of all requirements of this chapter.

(4) "Bulk transfer-terminal system" means the fuel distribution system consisting of refineries, pipelines, vessels, and terminals. Fuel in a refinery, pipeline, vessel, or terminal is in the bulk transfer-terminal system.

(5) "Bulk transfer" means a transfer of fuel by pipeline or vessel.

(6) "Bulk storage" means the placing of fuel into a receptacle other than the fuel supply tank of a motor vehicle.

(7) "Department" means the department of licensing.

(8) "Distributor" means a person who acquires fuel outside the bulk transfer-terminal system for importation into Washington, from a terminal or refinery rack located within Washington for distribution within Washington, or for immediate export outside the state of Washington.

(9) "Dyed special fuel user" means a person authorized by the internal revenue code to operate a motor vehicle on the highway using dyed special fuel, in which the use is not exempt from the fuel tax.

(10) "Evasion" or "evade" means to diminish or avoid the computation, assessment, or payment of authorized taxes or fees through:

(a) A knowing: False statement; omission; misrepresentation of fact; or other act of deception;

(b) An intentional: Failure to file a return or report; or other act of deception; or

(c) The unlawful use of dyed special fuel.

(11) "Exempt sale" means the sale of fuel to a person whose use of fuel is exempt from the fuel tax.

(12) "Export" means to obtain fuel in this state for sales or distribution outside the state. Fuel distributed to a federally recognized Indian tribal reservation located within the state of Washington is not considered exported outside this state.

(13) "Exporter" means a person who purchases fuel physically located in this state at the time of purchase and directly exports the fuel by a means other than the bulk transfer-terminal system to a destination outside of the state. If the exporter of record is acting as an agent, the person for whom the agent is acting is the exporter. If there is no exporter of record, the owner of the fuel at the time of exportation is the exporter.

(14) "Fuel" means motor vehicle fuel or special fuel.

(15) "Fuel user" means a person engaged in uses of fuel that are not specifically exempted from the fuel tax imposed under this chapter.

(16) "Highway" means every way or place open to the use of the public, as a matter of right, for the purpose of vehicular travel.

(17) "Import" means to bring fuel into this state by a means of conveyance other than the fuel supply tank of a motor vehicle.

(18) "Importer" means a person who imports fuel into the state by a means other than the bulk transfer-terminal system. If the importer of record is acting as an agent, the person for whom the agent is acting is the importer. If there is no importer of record, the owner of the fuel at the time of importation is the importer.

(19) "International fuel tax agreement licensee" means a fuel user operating qualified motor vehicles in interstate commerce and licensed by the department under the international fuel tax agreement.

(20) "Licensee" means a person holding a license issued under this chapter.

(21) "Motor vehicle" means a self-propelled vehicle utilizing fuel as a means of propulsion.

(22) "Motor vehicle fuel" means gasoline and any other inflammable gas or liquid, by whatsoever name the gasoline, gas, or liquid may be known or sold the chief use of which is as a fuel for the propulsion of motor vehicles or vessels.

(23) "Natural gas" means naturally occurring mixtures of hydrocarbon gases and vapors consisting principally of methane, whether in gaseous or liquid form.

(24) "Person" means any individual, partnership, association, public or private corporation, limited liability company, or any other type of legal or commercial entity, including their members, managers, partners, directors, or officers.

(25) "Position holder" means a person who holds the inventory position in fuel, as reflected by the records of the terminal operator. A person holds the inventory position if the person has a contractual agreement with the terminal for the use of storage facilities and terminating services. "Position holder" includes a terminal operator that owns fuel in their terminal.

(26) "Rack" means a mechanism for delivering fuel from a refinery or terminal into a truck, trailer, railcar, or other means of nonbulk transfer.

(27) "Refiner" means a person who owns, operates, or otherwise controls a refinery.

(28) "Removal" means a physical transfer of fuel other than by evaporation, loss, or destruction.

(29) "Special fuel" means diesel fuel, propane, natural gas, kerosene, biodiesel, and any other combustible liquid or gas by whatever name the liquid or gas may be known or sold for the generation of power to propel a motor vehicle on the highways, except it does not include motor vehicle fuel.

(30) "Supplier" means a person who holds a federal certificate of registry issued under the internal revenue code and authorizes the person to engage in tax-free transactions of fuel in the bulk transfer-terminal system.

(31) "Terminal" means a fuel storage and distribution facility that has been assigned a terminal control number by the internal revenue service.

(32) "Terminal operator" means a person who owns, operates, or otherwise controls a terminal.

(33) "Two-party exchange" or "buy-sell agreement" means a transaction in which taxable fuel is transferred from one licensed supplier to another licensed supplier whereby the supplier that is the position holder agrees to deliver taxable fuel to the other supplier or the other supplier's customer at the terminal at which the delivering supplier is the position holder.

(34) "Deny" means to decline acceptance of an application for licensure or reinstatement.

(35) "Refuse" has the same meaning as "deny" in subsection (34) of this section.

(36) "Revoke" means to prohibit all authority granted by this chapter, including the display and use of credentials issued by the department for a period of one year or greater or for an indefinite period.

(37) "Suspend" means to restrict the grant of authority under this chapter for a period of less than one calendar year.

**Sec.**  RCW 82.38.072 and 2013 c 225 s 204 are each amended to read as follows:

(1) Unless the use is exempt from the special fuel tax, or expressly authorized by the federal internal revenue code and this chapter, a person having dyed special fuel in the fuel supply tank of a motor vehicle that is licensed or required to be licensed is subject to a civil penalty of ((~~ten dollars~~)) $10 for each gallon of dyed special fuel placed into the supply tank of the motor vehicle, or ((~~one thousand dollars~~)) $1,000, whichever is greater. The penalties must be collected and administered under this chapter.

(2) A person who maintains dyed special fuel in bulk storage for an intended sale or use in violation of this chapter is subject to a civil penalty of ((~~ten dollars~~)) $10 for each gallon of dyed special fuel, or ((~~one thousand dollars~~)) $1,000, whichever is greater, currently ((~~or~~)) and previously maintained in bulk storage by the person. The department may make an assessment based upon the calculated capacity of the bulk storage, which is presumptive unless evidence is provided supporting a lower quantity of dyed special fuel actually maintained in violation of this chapter. The penalties must be collected and administered under this chapter.

(3) For the purposes of enforcement of this section, the director, the director's agents, the Washington state patrol, or other commercial vehicle safety alliance‑certified officers may inspect, collect, and secure samples of special fuel used in the propulsion of a vehicle operated upon the highways of this state, or in any bulk storage device transported upon the highways of this state, to detect the presence of dye or other chemical compounds.

(4) RCW 43.05.110 does not apply to the civil penalties imposed under ((~~subsection (1) of~~)) this section.

(5) If one or more violations have been assessed under this section within the previous five years from the violation date, the civil penalties under subsections (1) and (2) of this section must be multiplied by the number of previously assessed violations plus one.

(6) Assessments under this section are subject to the provisions of RCW 82.38.170.

**Sec.**  RCW 82.38.120 and 2013 c 225 s 114 are each amended to read as follows:

(1) The department may refuse to issue to, or suspend or revoke a license of any licensee or applicant:

(a) Who formerly held a license issued under chapter 82.36, 82.38, 82.42, or 46.87 RCW which has been suspended or revoked for cause;

(b) Who is a subterfuge for the real party in interest whose license issued under chapter 82.36, 82.38, 82.42, or 46.87 RCW has been revoked for cause;

(c) Who, as an individual licensee, or partner, officer, director, owner, or managing employee of a licensee, has had a license issued under chapter 82.36, 82.38, 82.42, or 46.87 RCW denied, suspended, or revoked for cause;

(d) Who has an unsatisfied debt to the state assessed under either chapter 82.36, 82.38, 82.42, or 46.87 RCW;

(e) Who formerly held as an individual, partner, officer, director, owner, managing employee of a licensee, or subterfuge for a real party in interest, a license issued by the federal government or a state that allowed a person to buy or sell untaxed motor vehicle, special, or aircraft fuel, which has been suspended or revoked for cause;

(f) Who ((~~pled~~)) pleaded guilty to or was convicted as an individual, partner, officer, director, owner, or managing employee of a licensee in this or any other state, Canadian province, or in any federal jurisdiction of a gross misdemeanor or felony crime directly related to the fuel distribution business or has been subject to a civil judgment involving fraud, misrepresentation, conversion, or dishonesty, notwithstanding chapter 9.96A RCW;

(g) Who misrepresented or concealed a material fact in obtaining a license or reinstating a license;

(h) Who violated a statute or administrative rule regulating fuel taxation or distribution;

(i) Who failed to cooperate with the department's investigations by:

(i) Not furnishing papers or documents;

(ii) Not furnishing in writing a full and complete explanation regarding a matter under investigation by the department; or

(iii) Not responding to subpoenas issued by the department, whether or not the recipient of the subpoena is the subject of the proceeding;

(j) Who failed to comply with an order issued by the director; or

(k) Upon other sufficient cause being shown.

(2) Refusals, suspensions, and revocations under this section become final 30 days after notice is served upon the licensee or applicant of the intention to refuse, suspend, or revoke the authority granted in this chapter.

(3) Before a refusal, suspension, or revocation under this section becomes final, the department must ((~~grant~~)) offer the applicant a ((~~hearing~~)) review by the department and must grant the applicant at least ((~~twenty~~)) 20 days written notice of the time ((~~and~~)), place, and method thereof.

**Sec.**  RCW 82.38.140 and 2013 c 225 s 115 are each amended to read as follows:

(1) Every person importing, manufacturing, refining, transporting, blending, or storing fuel must keep for a period of five years open to inspection at all times during the business hours of the day to the department or its authorized representatives, a complete record of all fuel purchased or received and all fuel sold, delivered, or used by them. Records must show:

(a) The date of receipt;

(b) The name and address of the person from whom purchased or received;

(c) The number of gallons received at each place of business or place of storage in the state of Washington;

(d) The date of sale or delivery;

(e) The number of gallons sold, delivered, or used for taxable purposes;

(f) The number of gallons sold, delivered, or used for any purpose not subject to the fuel tax;

(g) The name, address, and fuel license number of the purchaser if the fuel tax is not collected on the sale or delivery;

(h) The physical inventories of fuel and petroleum products on hand at each place of business at the end of each month;

(i) Stocks of raw gasoline, gasoline stock, diesel oil, kerosene, kerosene distillates, casing head gasoline and other petroleum products which may be used in the compounding, blending, or manufacturing of fuel.

(2)(a) All international fuel tax agreement licensees and dyed special fuel users authorized to use dyed special fuel on highways in vehicles licensed for highway operation must maintain detailed mileage records on an individual vehicle basis.

(b) Operating records must show both on-highway and off-highway usage of special fuel on a daily basis for each vehicle.

(c) In the absence of operating records that show both on-highway and off-highway usage of special fuel on a daily basis for each vehicle, fuel consumption must be computed under RCW 82.38.060.

(3) The department may require a person other than a licensee engaged in the business of selling, purchasing, distributing, storing, transporting, or delivering fuel to submit periodic reports to the department regarding the disposition of the fuel. The reports must be on forms prescribed by the department and must contain such information as the department may require. Failure to report as the department requires subjects a person to the civil and criminal penalties under RCW 82.38.170 and 82.38.270.

(4) Every person operating any conveyance transporting fuel in bulk must possess during the entire time an invoice, bill of sale, or other statement showing the name, address, and license number of the seller or consigner, the destination, name, and address of the purchaser or consignee, license number, if applicable, and the number of gallons. The person transporting fuel must at the request of any law enforcement officer or authorized representative of the department, produce for inspection required records and must permit inspection of the contents of the vehicle.

**Sec.**  RCW 82.38.170 and 2013 c 225 s 118 are each amended to read as follows:

(1) If any person fails to pay any taxes due the state of Washington within the time prescribed by RCW 82.38.150 and 82.38.160, the person must pay a penalty of ((~~ten~~)) 10 percent of the tax due.

(2) If the tax reported by any licensee is deficient a penalty of ten percent of the deficiency must be assessed.

(3) If any licensee, whether or not licensed as such, fails, neglects, or refuses to file a required fuel tax report, the department must determine the tax liability and add the penalty provided in subsection (2) of this section to the liability. An assessment made by the department pursuant to this subsection or to subsection (2) of this section is presumed to be correct, and the burden is on the person who challenges the assessment to establish by a fair preponderance of the evidence that it is erroneous or excessive.

(4) If any person, other than a licensee, fails, neglects, or refuses to file a required fuel tax report, or files a false or fraudulent report, the department must calculate and assess a penalty. The penalty under this subsection is $100 plus an additional five cents per gallon not properly reported or falsely reported. An assessment made by the department pursuant to this subsection is presumed to be correct, and the burden is on the person who challenges the assessment to establish by a fair preponderance of the evidence that it is erroneous or excessive.

(5) If any ((~~licensee~~)) person establishes by a fair preponderance of evidence that failure to file a report or pay the proper amount of tax within the time prescribed was due to reasonable cause and was not intentional or willful, the department may waive the penalty prescribed in subsections (1) ((~~and~~)), (2), and (4) of this section.

((~~(5)~~)) (6) If any licensee files a false or fraudulent report with intent to evade the tax imposed by this chapter, there is added to the amount of deficiency a penalty of ((~~twenty-five~~)) 25 percent of the deficiency, in addition to all other penalties prescribed by law.

((~~(6)~~)) (7) If any person acts as a licensee without first securing the required license, all fuel tax liability incurred by that person becomes immediately due and payable. The department must determine the amount of the tax liability and must assess the person a penalty of ((~~one hundred~~)) 100 percent of the tax in addition to the tax owed.

((~~(7)~~)) (8) Any fuel tax, penalties, and interest payable under this chapter shall bear interest at the rate of one percent per month, or fraction thereof, from the first day of the calendar month after the amount or any portion thereof should have been paid until the date of payment. The department may waive interest when it determines the cost of processing the collection exceeds the amount of interest due.

((~~(8)~~)) (9) Except in the case of filing a false or fraudulent report, if the department deems mitigation of penalties and interest to be reasonable and in the best interests of carrying out the purpose of this chapter, it may mitigate the assessments.

((~~(9)~~)) (10) Except in the case of a fraudulent report or failure to file a report, deficiencies, penalties, and interest must be assessed within five years from the ((~~twenty-fifth~~)) 25 day of the next succeeding month following the reporting period for which the amount is determined or within five years after the return is filed, whichever period expires later.

((~~(10)~~)) (11)(a) Any ((~~licensee~~)) person against whom an assessment is made under the provisions of subsections (1) ((~~and~~)), (2), and (4) of this section may petition for a reassessment within ((~~thirty~~)) 30 days after service upon the ((~~licensee~~)) person of the assessment. If such petition is not filed within such ((~~thirty~~)) 30 day period, the amount of the assessment becomes final.

(b) If a petition for reassessment is filed within the ((~~thirty~~)) 30 day period, the department must reconsider the assessment and, if the ((~~licensee~~)) person has requested in the petition, must grant ((~~an informal hearing~~)) a review by the department and give ((~~ten~~)) 10 days' notice of the time and place. The department may continue the ((~~hearing~~)) review as needed. The decision of the department upon a petition for reassessment becomes final ((~~thirty~~)) 30 days after service upon the ((~~licensee~~)) person.

(c) Every assessment made by the department becomes due and payable at the time it becomes final and if not timely paid to the department, a penalty of ((~~ten~~)) 10 percent of the amount of the tax is added to the assessment.

((~~(11)~~)) (12) Any notice of assessment required by this section must be served by depositing such notice in the United States mail, postage prepaid addressed to the ((~~licensee~~)) person at the address shown in the records of the department.

((~~(12)~~)) (13) Any licensee who has had a fuel license revoked must pay a ((~~one hundred dollar~~)) $100 penalty, submit an application for reinstatement on forms prescribed by the department, and must resolve all outstanding violations, noncompliance items, and debts owed under this chapter, and chapters 46.87 and 82.42 RCW to the satisfaction of the department, prior to the issuance of a new license.

((~~(13)~~)) (14) Any person required to be licensed under RCW 82.38.090(1)(f) found operating without such license is subject to an assessment of $500 in addition to all other penalties prescribed by law.

(15) Any person who, upon audit or investigation by the department, is found to have not paid fuel taxes as required by this chapter is subject to cancellation of all vehicle registrations for vehicles utilizing special fuel as a means of propulsion. Any unexpired Washington tonnage on the vehicles in question may be transferred to a purchaser of the vehicles upon application to the department who will hold such tonnage in its custody until a sale of the vehicle is made or the tonnage has expired.

(16) RCW 43.05.110 does not apply to the civil penalties imposed under this section.

**Sec.**  RCW 82.38.220 and 2013 c 225 s 122 are each amended to read as follows:

(1) If a person is delinquent in the payment of any obligation, the department may give notice of the amount of delinquency to persons having possession or control of credits, personal and real property belonging to the person, or owing debts to the person. Any person notified may not transfer or dispose of credits, personal and real property, or debts without the consent of the department. A person notified must, within twenty days after receipt of notice, advise the department of any credits, personal and real property, or debts in their possession, under their control or owing by them, and must immediately deliver the credits, personal and real property, or debts to the department.

(2) The notice and order to withhold and deliver constitutes a continuing lien on property of the person. The department must include in the notice to withhold and deliver "continuing lien." The effective date of a notice to withhold and deliver is the date of mailing or electronic service.

(3) If a person fails to timely answer the notice, a court may render judgment, plus costs by default against the person.

**Sec.**  RCW 82.38.260 and 2013 c 225 s 126 are each amended to read as follows:

(1) The department may prescribe, adopt, and enforce reasonable rules relating to administration and enforcement of this chapter.

(2) The department or its authorized representative may examine the books, papers, records, and equipment of any person distributing, transporting, storing, or using fuel to determine whether all taxes due or refundable are properly reported, paid, or claimed. If books, papers, records, and equipment are not maintained in this state at the time of demand, the department does not lose any right of examination.

(3) The department may require additional reports from any licensee with reference to any of the matters herein concerned. Such reports must be made and filed on forms prepared by the department.

(4) For the purpose of any investigation or proceeding, the director or designee may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, agreements, or other documents or records which the director deems relevant or material to the inquiry.

(5) In the case of contumacy by or refusal to obey a subpoena issued to, any person, any court of competent jurisdiction upon application by the director, may issue to that person an order requiring appearance before the director or designee to produce testimony of other evidence regarding the matter under investigation or in question.

(6) The department must, upon request from officials responsible for enforcement of fuel tax laws of any state, the District of Columbia, the United States, its territories and possessions, the provinces or the dominion of Canada, forward information relative to the receipt, storage, delivery, sale, use, or other disposition of fuel by any person, if the other furnishes like information.

(7) The department may enter into a fuel tax cooperative agreement with another state, the District of Columbia, the United States, its territories and possessions, or Canadian province for the administration, collection, and enforcement of their respective fuel taxes.

(8) For the purposes of administration, collection, and enforcement of taxes imposed under this chapter, pursuant to another agreement under chapter 82.41 RCW, chapter 82.41 RCW controls to the extent of any conflict.

(9) The remedies of the state in this chapter are cumulative and no action taken by the department may be construed to be an election on the part of the state or any of its officers to pursue any remedy hereunder to the exclusion of any other remedy for which provision is made in this chapter.

(10) The director is charged with the enforcement of the provisions of this chapter and rules adopted hereunder. The director may, in the director's discretion, call on the state patrol or any peace officer in the state, who shall then aid in the enforcement of this chapter or any rules adopted hereunder.

**Sec.**  RCW 82.38.270 and 2013 c 225 s 127 are each amended to read as follows:

(1) It is unlawful for a person to:

(a) Have dyed special fuel in the fuel supply tank of a vehicle that is licensed or required to be licensed for highway use or maintain dyed special fuel in bulk storage for highway use, unless the person maintains an uncanceled dyed special fuel user license or is otherwise exempt under this chapter;

(b) Hold dyed special fuel for use, intended use, sale, or intended sale in a manner in violation of this chapter;

(c) Evade a tax or fee imposed under this chapter;

(d) File a false statement of a material fact regarding the administration and enforcement of this chapter or otherwise commit any fraud or make a false representation on a fuel tax license application, fuel tax refund application, fuel tax return, fuel tax record, or fuel tax refund claim;

(e) Act as a fuel licensee unless the person holds an uncanceled fuel license issued by the department authorizing the person to engage in that business;

(f) Knowingly assist another person to evade a tax or fee imposed by this chapter;

(g) Knowingly operate a conveyance for the purpose of hauling, transporting, or delivering fuel in bulk and not possess an invoice, bill of sale, or other statement showing the name, address, and tax license number of the seller or consignor, the destination, the name, address, and tax license number of the purchaser or consignee, and the number of gallons;

(h) Refuse to permit the department or its authorized representative to examine the person's books, papers, records, storage facilities, and equipment used in conjunction with the use, distribution, or sale of fuel;

(i) ((~~To display~~)) Display, or cause to permit to be displayed, or to have in possession, any fuel license knowing the same to be fictitious, or to have been suspended, canceled, revoked, or altered;

(j) ((~~To lend~~)) Lend to, or knowingly permit the use of, by one not entitled thereto, any fuel license issued to the person lending it or permitting it to be used;

(k) ((~~To display~~)) Display or to represent as one's own any fuel license not issued to the person displaying the same;

(l) ((~~To use~~)) Use or to conspire with any governmental official, agent, or employee for the use of any requisition, purchase order, or any card or any authority to which the person is not specifically entitled by government regulations, for the purpose of obtaining any fuel or other inflammable petroleum products upon which the fuel tax has not been paid;

(m) ((~~To sell~~)) Sell or dispense natural gas or propane for their own use or the use of others into tanks of vehicles powered by this fuel when the vehicle does not display a valid decal or other identifying device as provided in RCW 82.38.075;

(n) Knowingly display, or cause to permit to be displayed, or possess, a fictitious or altered international fuel tax agreement decal or license;

(o) Fail to display, or improperly display, a valid international fuel tax agreement decal associated with a valid international fuel tax agreement license;

(p) Operate a motor vehicle as provided in RCW 82.38.090(3) without having first obtained a license as required by this chapter; and

(q) Offer for sale as taxed fuel, fuel which the seller knows or has reason to know to be untaxed.

(2)(a) A single violation of subsection (1)(a) and (b) of this section is a gross misdemeanor under chapter 9A.20 RCW.

(b) Multiple violations of subsection (1)(a) and (b) of this section and violations of subsection (1)(c) through (g) of this section are a class C felony under chapter 9A.20 RCW.

(3) Violations of subsection (1)(h) through ((~~(m)~~)) (q) of this section are a gross misdemeanor under chapter 9A.20 RCW.

(4) In addition to other penalties and remedies provided by law, the court must order a person or corporation found guilty of violating subsection (1)(c) through (g) of this section to:

(a) Pay the tax or fee evaded plus interest, commencing at the date the tax or fee was first due, at the rate of twelve percent per year, compounded monthly; and

(b) Pay a penalty of ((~~one hundred~~)) 100 percent of the tax evaded.

(5) The tax imposed by this chapter is held in trust by the licensee until paid to the department, and a licensee who appropriates the tax to ((~~his or her~~)) the licensee's own use or to any use other than the payment of the tax is guilty of a felony or gross misdemeanor in accordance with the theft and anticipatory provisions of Title 9A RCW. A person, partnership, corporation, or corporate officer who fails to pay to the department the tax is personally liable to the state for the amount of the tax.

**Sec.**  RCW 82.38.380 and 2013 c 225 s 135 are each amended to read as follows:

When the state patrol or the department has good reason to believe that fuel is being unlawfully imported, kept, sold, offered for sale, blended, or manufactured in violation of this chapter or rules adopted under it, the state patrol, or the department in consultation with the state patrol, may make an affidavit of that fact, describing the place or thing to be searched, before a judge of any court in this state, and the judge must issue a search warrant directed to the state patrol commanding the officer diligently to search any place or vehicle designated in the affidavit and search warrant, and to seize the fuel and conveyance so possessed and to hold them until disposed of by law, and to arrest the person in possession or control of them.

NEW SECTION. **Sec.**  A new section is added to chapter 82.38 RCW to read as follows:

(1) The department shall establish a prorate and fuel tax discovery team to detect and investigate violations of this chapter along with violations of chapters 46.87 and 82.42 RCW.

(2) Members of the prorate and fuel tax discovery team may be delegated authority to act as limited agents of the director and may exercise the authority to seek search warrants, issue subpoenas, perform inspections, and investigate and assess alleged civil violations of chapter 46.87 or 82.42 RCW or this chapter.

(3) The department must adopt rules necessary to implement this section.

NEW SECTION. **Sec.**  A new section is added to chapter 82.38 RCW to read as follows:

(1) Reports submitted to the department under RCW 82.38.150 are personal information under RCW 42.56.230(4)(b) and are exempt from public inspection and copying.

(2) This section does not:

(a) Restrict the department from providing summary or aggregate data where the taxpayer's right to privacy or an unfair competitive disadvantage can reasonably be protected;

(b) Prevent the department from entering into data sharing agreements containing these records with a federal, state, or local agency;

(c) Restrict sharing with law enforcement for purposes of investigation or enforcement;

(d) Prevent the voluntary sharing of or authorization to access a taxpayer's own information to the taxpayer or their authorized representative; or

(e) Restrict sharing required under RCW 82.38.260(6).

NEW SECTION. **Sec.**  A new section is added to chapter 82.38 RCW to read as follows:

(1) The department or its duly authorized agent may apply for and obtain a superior court order approving and authorizing a subpoena in advance of its issuance. The application may be made in the county where the subpoenaed person resides or is found, or the county where the subpoenaed records or documents are located, or in Thurston county. The application must:

(a) State that an order is sought pursuant to this subsection;

(b) Adequately specify the records, documents, or testimony; and

(c) Declare under oath that an investigation is being conducted for a lawfully authorized purpose related to an investigation within the department's authority and that the subpoenaed documents or testimony are reasonably related to an investigation within the department's authority.

(2) Where the application under this subsection is made to the satisfaction of the court, the court must issue an order approving the subpoena. An order under this subsection constitutes authority of law for the agency to subpoena the records or testimony.

(3) The department or its duly authorized agent may seek approval and a court may issue an order under this section without prior notice to any person, including the person to whom the subpoena is directed and the person who is the subject of an investigation.

(4) This section does not preclude the use of other legally authorized means of obtaining records, nor preclude the assertion of any legally recognized privileges.

(5) The department may not disclose any return or tax information obtained in response to a subpoena issued under this section, except as authorized under this chapter.

(6) A third party may not be held civilly liable for any harm resulting from that person's compliance with a subpoena issued under the authority of this section.

(7) The entire court file of any proceeding instituted under this section must be sealed and is not open to public inspection by any person except upon order of the court as authorized by law.

**Sec.**  RCW 82.42.118 and 2013 c 225 s 404 are each amended to read as follows:

(1) If any licensee fails to pay any taxes due the state of Washington within the time prescribed in this chapter, the licensee must pay a penalty of ((~~ten~~)) 10 percent of the tax due.

(2) If the tax reported by any licensee is deficient a penalty of ((~~ten~~)) 10 percent of the deficiency must be assessed.

(3) If any licensee, whether or not licensed as such, fails, neglects, or refuses to file a required fuel tax report, the department must determine the tax liability and add the penalty provided in subsection (2) of this section to the liability. An assessment made by the department pursuant to this subsection or to subsection (2) of this section is presumed to be correct, and the burden is on the person who challenges the assessment to establish by a fair preponderance of the evidence that it is erroneous or excessive.

(4) If any licensee establishes by a fair preponderance of evidence that failure to file a report or pay the proper amount of tax within the time prescribed was due to reasonable cause and was not intentional or willful, the department may waive the penalty prescribed in subsections (1) and (2) of this section.

(5) If any licensee files a false or fraudulent report with intent to evade the tax imposed by this chapter, a penalty of ((~~twenty-five~~)) 25 percent of the deficiency must be added to the amount of deficiency, which is in addition to all other penalties prescribed by law.

(6) If any person acts as a licensee without first securing the required license, all fuel tax liability incurred by that person becomes immediately due and payable. The department must determine the amount of the tax liability and must assess the person along with a penalty of ((~~one hundred~~)) 100 percent of the tax.

(7) Any fuel tax, penalties, and interest payable under this chapter bear interest at the rate of one percent per month, or fraction thereof, from the first day of the calendar month after the amount or any portion thereof should have been paid until the date of payment. The department may waive interest when it determines the cost of processing the collection exceeds the amount of interest due.

(8) Except in the case of violations of filing a false or fraudulent report, if the department deems mitigation of penalties and interest to be reasonable and in the best interests of carrying out the purpose of this chapter, it may mitigate the assessments.

(9) Except in the case of a fraudulent report or failure to file a report, deficiencies, penalties, and interest must be assessed within five years from the ((~~twenty-fifth~~)) 25 day of the next succeeding month following the reporting period for which the amount is determined or within five years after the return is filed, whichever period expires later.

(10)(a) Any licensee against whom an assessment is made under the provisions of subsection (2) or (3) of this section may petition for a reassessment within ((~~thirty~~)) 30 days after service upon the licensee of the assessment. If such petition is not filed within such ((~~thirty~~)) 30-day period, the amount of the assessment becomes final.

(b) If a petition for reassessment is filed within the ((~~thirty~~)) 30-day period, the department must reconsider the assessment and, if the licensee has requested in the petition, must grant ((~~an informal hearing~~)) a review by the department and give ((~~ten~~)) 10 days' notice of the time ((~~and~~)), place, and method of review. The department may continue the ((~~hearing~~)) review as needed. The decision of the department upon a petition for reassessment becomes final ((~~thirty~~)) 30 days after service upon the licensee.

(11) Every assessment made by the department becomes due and payable at the time it becomes final and if not timely paid to the department a penalty of ((~~ten~~)) 10 percent of the amount of the tax must be added to the assessment.

(12) Any notice of assessment required by this section must be served by depositing such notice in the United States mail, postage prepaid addressed to the licensee at the address shown in the records of the department.

(13) Any licensee who has had a fuel license revoked must pay a ((~~one hundred dollar~~)) $100 penalty, submit an application for reinstatement on forms as prescribed by the department, and must resolve all outstanding violations, noncompliance items, and debts owed under this chapter and chapters 46.87 and 82.38 RCW to the satisfaction of the department prior to the issuance of a new license.

**Sec.**  RCW 82.42.010 and 2013 c 225 s 301 are each reenacted and amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Air carrier" means any airline, air cargo carrier, air taxi, air commuter, or air charter operator, that provides routine air service to the general population for compensation or hire, and operates at least fifteen round trips per week between two or more points and publishes flight schedules which specify the times, days of the week, and points between which it operates. Where it is doubtful that an operation is for "compensation or hire," the test applied is whether the air service is merely incidental to the person's other business or is, in itself, a major enterprise for profit.

(2) "Aircraft" means every contrivance now known or hereafter invented, used or designed for navigation of or flight in the air, operated or propelled by the use of aircraft fuel.

(3) "Aircraft fuel" means gasoline and any other inflammable liquid, by whatever name such liquid is known or sold, the chief use of which is as fuel for the propulsion of aircraft, except gas or liquid, the chief use of which as determined by the director, is for purposes other than the propulsion of aircraft.

(4) "Dealer" means any person engaged in the retail sale of aircraft fuel.

(5) "Department" means the department of licensing.

(6) "Director" means the director of licensing.

(7) "Distributor" means any person engaged in the sale of aircraft fuel to any dealer and includes any dealer from whom the tax hereinafter imposed has not been collected.

(8) "Local service commuter" means an air taxi operator who operates at least five round-trips per week between two or more points; publishes flight schedules which specify the times, days of the week, and points between which it operates; and whose aircraft has a maximum capacity of ((~~sixty~~)) 60 passengers or ((~~eighteen thousand~~)) 18,000 pounds of useful load.

(9) "Person" means every natural person, firm, partnership, association, or private or public corporation.

(10) "Deny" means to decline acceptance of an application for licensure or reinstatement.

(11) "Refuse" has the same meaning as "deny" in subsection (10) of this section.

(12) "Revoke" means to prohibit all authority granted by this chapter, including the display and use of credentials issued by the department for a period of one year or greater or for an indefinite period.

(13) "Suspend" means to restrict the grant of authority under this chapter for a period of less than one year.

**Sec.**  RCW 82.42.210 and 2013 c 225 s 411 are each amended to read as follows:

(1) The department may refuse to issue to, or suspend or revoke a license of any licensee or applicant:

(a) Who formerly held a license issued under chapter 82.36, 82.38, 82.42, or 46.87 RCW which has been suspended or revoked for cause;

(b) Who is a subterfuge for the real party in interest whose license issued under chapter 82.36, 82.38, 82.42, or 46.87 RCW has been revoked for cause;

(c) Who, as an individual licensee, or partner, officer, director, owner, or managing employee of a licensee, has had a license issued under chapter 82.36, 82.38, 82.42, or 46.87 RCW denied, suspended, or revoked for cause;

(d) Who has an unsatisfied debt to the state assessed under either chapter 82.36, 82.38, 82.42, or 46.87 RCW;

(e) Who formerly held as an individual, partner, officer, director, owner, managing employee of a licensee, or subterfuge for a real party in interest, a license issued by the federal government or a state that allowed a person to buy or sell untaxed motor vehicle or special fuel, which, has been suspended or revoked for cause;

(f) Who ((~~pled~~)) pleaded guilty to or was convicted as an individual, partner, officer, director, owner, or managing employee of a licensee in this or any other state, Canadian province, or in any federal jurisdiction of a gross misdemeanor or felony crime directly related to the fuel distribution business or has been subject to a civil judgment involving fraud, misrepresentation, conversion, or dishonesty, notwithstanding chapter 9.96A RCW;

(g) Who misrepresented or concealed a material fact in obtaining a license or reinstating a license;

(h) Who violated a statute or administrative rule regulating fuel taxation or distribution;

(i) Who failed to cooperate with the department's investigations by:

(i) Not furnishing papers or documents;

(ii) Not furnishing in writing a full and complete explanation regarding a matter under investigation by the department; or

(iii) Not responding to subpoenas issued by the department, whether or not the recipient of the subpoena is the subject of the proceeding;

(j) Who failed to comply with an order issued by the director; or

(k) Upon other sufficient cause being shown.

(2) Refusals, suspensions, and revocations under this section become final 30 days after notice is served upon the licensee or applicant of the intention to refuse, suspend, or revoke the authority granted in this chapter.

(3) Before such refusal, suspension, or revocation under this section becomes final, the department must ((~~grant~~)) offer the applicant a ((~~hearing~~)) review by the department and must grant the applicant at least ((~~twenty~~)) 20 days' written notice of the time ((~~and~~)), place, and method thereof.

NEW SECTION. **Sec.**  A new section is added to chapter 82.42 RCW to read as follows:

(1) Reports submitted to the department under RCW 82.42.140 are personal information under RCW 42.56.230(4)(b) and are exempt from public inspection and copying.

(2) This section does not:

(a) Restrict the department from providing summary or aggregate data where the taxpayer's right to privacy or an unfair competitive disadvantage can reasonably be protected;

(b) Prevent the department from entering into data sharing agreements containing these records with a federal, state, or local agency;

(c) Restrict sharing with law enforcement for purposes of investigation or enforcement; or

(d) Prevent the voluntary sharing of or authorization to access a taxpayer's own information to the taxpayer or their authorized representative.

NEW SECTION. **Sec.**  A new section is added to chapter 82.42 RCW to read as follows:

(1) The department or its duly authorized agent may apply for and obtain a superior court order approving and authorizing a subpoena in advance of its issuance. The application may be made in the county where the subpoenaed person resides or is found, or the county where the subpoenaed records or documents are located, or in Thurston county. The application must:

(a) State that an order is sought pursuant to this subsection;

(b) Adequately specify the records, documents, or testimony; and

(c) Declare under oath that an investigation is being conducted for a lawfully authorized purpose related to an investigation within the department's authority and that the subpoenaed documents or testimony are reasonably related to an investigation within the department's authority.

(2) Where the application under this subsection is made to the satisfaction of the court, the court must issue an order approving the subpoena. An order under this subsection constitutes authority of law for the agency to subpoena the records or testimony.

(3) The department or its duly authorized agent may seek approval and a court may issue an order under this subsection without prior notice to any person, including the person to whom the subpoena is directed and the person who is the subject of an investigation.

(4) This section does not preclude the use of other legally authorized means of obtaining records, nor preclude the assertion of any legally recognized privileges.

(5) The department may not disclose any return or tax information obtained in response to a subpoena issued under this section, except as under this chapter.

(6) A third party may not be held civilly liable for any harm resulting from that person's compliance with a subpoena issued under the authority of this section.

(7) The entire court file of any proceeding instituted under this section must be sealed and is not open to public inspection by any person except upon order of the court as authorized by law.

NEW SECTION. **Sec.**  If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec.**  This act takes effect July 1, 2024.

**--- END ---**