

# FINAL BILL REPORT

## SSB 5190

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C 358 L 03  
Synopsis as Enacted

**Brief Description:** Strengthening laws against fuel tax evasion.

**Sponsors:** Senate Committee on Highways & Transportation (originally sponsored by Senators Jacobsen, Horn, Haugen and Franklin).

**Senate Committee on Highways & Transportation**  
**House Committee on Transportation**

**Background:** Unlicensed importers/manufacturers of fuel. Under current law, unlicensed importers of motor vehicle fuel are subject to a civil penalty of 100 percent of the tax due, plus interest. In addition to the penalties, unlicensed importers and manufacturers of motor vehicle fuel and special fuel may be subject to a criminal penalty of a class C felony.

Tax-free card lock purchases. Card lock facilities are authorized to sell tax-free diesel fuel to farmers, logging companies and construction companies licensed by the Department of Licensing to purchase clear, tax-free diesel fuel for non-highway equipment or for non-highway use. The fuel may be purchased by inserting a card into the pump which identifies the purchase as being exempt of the fuel tax. Fraud may occur when someone purchases this untaxed fuel and uses it for a purpose that is not tax exempt. Currently, the state has a dyed diesel program in place where people may purchase dyed diesel for tax exempt purposes, and which may be detected by law enforcement should it be used for taxable purposes.

Penalties for infractions. Dyed diesel can be purchased by anyone for use in non-highway equipment unless otherwise exempt by law. Currently, dyed diesel infractions are punishable as a felony in this state.

**Summary:** Unlicensed importers/manufacturers of fuel. The State Patrol may seize any fuel imported into the state or manufactured in the state by a person that is not licensed, and may seize any conveyances in which the fuel is transported. The State Patrol and/or the Department of Licensing may enter into contracts for the transportation, handling, storage, and sale of fuel seized and may deduct expenses from the proceeds. Seized conveyances are sold at public auction. Proceeds from the sales are deposited into the motor vehicle account.

Tax-free card lock purchases. The statute allowing for the sale of untaxed clear diesel at card lock facilities to farmers, logging companies and construction companies is repealed.

Penalties for infractions. The penalty for a single event of using dyed diesel for a taxable purpose is reduced from a felony to a gross misdemeanor. Multiple dyed diesel infractions remain a felony.

**Votes on Final Passage:**

Senate 45 0  
House 96 0 (House amended)  
Senate (Senate refused to concur)  
House 53 44 (House receded)

**Effective:** July 27, 2003