

# SENATE BILL REPORT

## SB 5391

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As Reported By Senate Committee On:  
Highways & Transportation, January 29, 2004

**Title:** An act relating to eliminating the handling loss deduction for the motor vehicle fuel tax.

**Brief Description:** Eliminating the handling loss deduction for the motor vehicle fuel tax.

**Sponsors:** Senators Haugen, Horn, Jacobsen, Swecker and Regala.

**Brief History:**

**Committee Activity:** Highways & Transportation: 1/30/03; 1/28/04, 1/29/04 [DPS, DNP].

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### SENATE COMMITTEE ON HIGHWAYS & TRANSPORTATION

**Majority Report:** That Substitute Senate Bill No. 5391 be substituted therefor, and the substitute bill do pass.

Signed by Senators Horn, Chair; Swecker, Vice Chair; Esser, Haugen, Jacobsen, Oke, Poulsen and Spanel.

**Minority Report:** Do not pass.

Signed by Senators Benton, Vice Chair; Mulliken and Murray.

**Staff:** Dean Carlson (786-7305)

**Background:** Under current law, those required to remit motor vehicle fuel tax are able to take a deduction from their tax for losses sustained in handling. The deduction allowed is a fixed rate of one-quarter of 1 percent for suppliers acting as distributors, and thirty one-one hundredths of 1 percent for all other licensees. The handling loss deduction does not apply to the special fuel tax.

**Summary of Substitute Bill:** The handling loss deduction on motor vehicle fuel tax is repealed.

**Substitute Bill Compared to Original Bill:** The original bill was not considered.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on July 1, 2004.

**Testimony For:** None.

**Testimony Against:** This deduction is part of an agreement made in 1998 during "tax at the rack." This exemption helps to ensure that there is no tax on fuel that is not sold because of evaporation. I have one store that loses over 4,000 gallons of fuel a year to evaporation. The air authority already charges us for fuel evaporating into the air.

**Testified:** Charlie Brown, WOMA (con); Rod Smith, R.H. Smith Dist. (con); Dale Cooper, Cooper Oil (con); Greg Hanon, Western States Petroleum Association (con).