
HOUSE BILL 1383

State of Washington

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By Representatives Ericksen, Jarrett, Woods, Schindler, Anderson, Shabro, Ahern, Talcott, Clements, Chandler, Buck, Mielke, Boldt, Carrell, Schoesler, Nixon, Pflug and Holmquist

Read first time 01/24/2003. Referred to Committee on Transportation.

1 AN ACT Relating to providing revenues for transportation projects
2 linked to substantive transportation reforms; amending RCW 82.38.030,
3 82.38.035, 82.38.045, and 82.38.047; reenacting and amending RCW
4 82.36.025 and 46.68.090; and creating a new section.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that the public trust
7 must be regained before any additional taxation for transportation is
8 imposed on the public. The legislature finds that the best way to
9 regain the public trust is to tie substantive reform and accountability
10 measures to specific revenue measures, so that the revenue provisions
11 only become law after the reforms are completed.

12 **Sec. 2.** RCW 82.36.025 and 1999 c 269 s 16 and 1999 c 94 s 29 are
13 each reenacted and amended to read as follows:

14 (1) A motor vehicle fuel tax rate of twenty-three cents per gallon
15 (~~shall apply~~) applies to the sale, distribution, or use of motor
16 vehicle fuel.

17 (2) Effective upon House Bill No. (H-0811/03) becoming law in

1 its entirety, an additional fuel tax rate of one cent per gallon
2 applies to the sale, distribution, or use of motor vehicle fuel.

3 (3) Effective upon House Bill No. (H-0812/03) becoming law in
4 its entirety, an additional fuel tax rate of one cent per gallon
5 applies to the sale, distribution, or use of motor vehicle fuel.

6 (4) Effective upon House Bill No. (H-0807/03) becoming law in
7 its entirety, an additional fuel tax rate of one cent per gallon
8 applies to the sale, distribution, or use of motor vehicle fuel.

9 (5) Effective upon House Bill No. (H-0810/03) becoming law in
10 its entirety, an additional fuel tax rate of one cent per gallon
11 applies to the sale, distribution, or use of motor vehicle fuel.

12 (6) Effective upon the completion of the drafting and adoption of
13 standards and the subsequent delegation of permitting authority to the
14 department of transportation by the departments of fish and wildlife
15 and ecology as required by House Bill No. (H-0809/03), an
16 additional fuel tax rate of one cent per gallon applies to the sale,
17 distribution, or use of motor vehicle fuel.

18 **Sec. 3.** RCW 46.68.090 and 1999 c 269 s 2 and 1999 c 94 s 6 are
19 each reenacted and amended to read as follows:

20 (1) All moneys that have accrued or may accrue to the motor vehicle
21 fund from the motor vehicle fuel tax and special fuel tax shall be
22 first expended for purposes enumerated in (a) and (b) of this
23 subsection. The remaining net tax amount shall be distributed monthly
24 by the state treasurer in ~~((the proportions set forth in (c) through~~
25 ~~(l) of this subsection))~~ accordance with subsections (2) through (4) of
26 this section.

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

29 (b) For payment of amounts to be expended pursuant to
30 appropriations for the administrative expenses of the offices of state
31 treasurer, state auditor, and the department of licensing of the state
32 of Washington in the administration of the motor vehicle fuel tax and
33 the special fuel tax, which sums shall be distributed monthly~~((÷)).~~

34 ~~((+e))~~ (2) All of the remaining net tax amount collected under RCW
35 82.36.025(1) and 82.38.030(1) must be distributed in the proportions
36 set forth in (a) through (j) of this subsection.

1 (a) For distribution to the motor vehicle fund an amount equal to
2 44.387 percent to be expended for highway purposes of the state as
3 defined in RCW 46.68.130;

4 ~~((d))~~ (b) For distribution to the special category C account,
5 hereby created in the motor vehicle fund, an amount equal to 3.2609
6 percent to be expended for special category C projects. Special
7 category C projects are category C projects that, due to high cost
8 only, will require bond financing to complete construction.

9 The following criteria, listed in order of priority, shall be used
10 in determining which special category C projects have the highest
11 priority:

12 (i) Accident experience;

13 (ii) Fatal accident experience;

14 (iii) Capacity to move people and goods safely and at reasonable
15 speeds without undue congestion; and

16 (iv) Continuity of development of the highway transportation
17 network.

18 Moneys deposited in the special category C account in the motor
19 vehicle fund may be used for payment of debt service on bonds the
20 proceeds of which are used to finance special category C projects under
21 this subsection ~~((1)(d))~~ (2)(b);

22 ~~((e))~~ (c) For distribution to the Puget Sound ferry operations
23 account in the motor vehicle fund an amount equal to 2.3283 percent;

24 ~~((f))~~ (d) For distribution to the Puget Sound capital
25 construction account in the motor vehicle fund an amount equal to
26 2.3726 percent;

27 ~~((g))~~ (e) For distribution to the urban arterial trust account in
28 the motor vehicle fund an amount equal to 7.5597 percent;

29 ~~((h))~~ (f) For distribution to the transportation improvement
30 account in the motor vehicle fund an amount equal to 5.6739 percent and
31 expended in accordance with RCW 47.26.086;

32 ~~((i))~~ (g) For distribution to the cities and towns from the motor
33 vehicle fund an amount equal to 10.6961 percent in accordance with RCW
34 46.68.110;

35 ~~((j))~~ (h) For distribution to the counties from the motor vehicle
36 fund an amount equal to 19.2287 percent: (i) Out of which there shall
37 be distributed from time to time, as directed by the department of
38 transportation, those sums as may be necessary to carry out the

1 provisions of RCW 47.56.725; and (ii) less any amounts appropriated to
2 the county road administration board to implement the provisions of RCW
3 47.56.725(4), with the balance of such county share to be distributed
4 monthly as the same accrues for distribution in accordance with RCW
5 46.68.120;

6 ~~((+k))~~ (i) For distribution to the county arterial preservation
7 account, hereby created in the motor vehicle fund an amount equal to
8 1.9565 percent. These funds shall be distributed by the county road
9 administration board to counties in proportions corresponding to the
10 number of paved arterial lane miles in the unincorporated area of each
11 county and shall be used for improvements to sustain the structural,
12 safety, and operational integrity of county arterials. The county road
13 administration board shall adopt reasonable rules and develop policies
14 to implement this program and to assure that a pavement management
15 system is used;

16 ~~((+l))~~ (j) For distribution to the rural arterial trust account in
17 the motor vehicle fund an amount equal to 2.5363 percent and expended
18 in accordance with RCW 36.79.020.

19 ~~((+2))~~ (3) All of the remaining net tax amount collected under the
20 additional one to five cents levied under RCW 82.36.025 (2) through (6)
21 and 82.38.030 (2) through (6) must be distributed to the motor vehicle
22 fund.

23 (4) Nothing in this section or in RCW 46.68.130 may be construed so
24 as to violate any terms or conditions contained in any highway
25 construction bond issues now or hereafter authorized by statute and
26 whose payment is by such statute pledged to be paid from any excise
27 taxes on motor vehicle fuel and special fuels.

28 **Sec. 4.** RCW 82.38.030 and 2002 c 183 s 2 are each amended to read
29 as follows:

30 (1) There is hereby levied and imposed upon special fuel users a
31 tax at the rate ~~((computed in the manner provided in RCW 82.36.025 on~~
32 ~~each)) of twenty-three cents per gallon of special fuel, or each one
33 hundred cubic feet of compressed natural gas, measured at standard
34 pressure and temperature.~~

35 (2) Effective upon House Bill No. (H-0811/03) becoming law in
36 its entirety, an additional special fuel tax rate of one cent per

1 gallon of special fuel, or each one hundred cubic feet of compressed
2 natural gas, measured at standard pressure and temperature is imposed
3 on special fuel users.

4 (3) Effective upon House Bill No. (H-0812/03) becoming law in
5 its entirety, an additional special fuel tax rate of one cent per
6 gallon of special fuel, or each one hundred cubic feet of compressed
7 natural gas, measured at standard pressure and temperature is imposed
8 on special fuel users.

9 (4) Effective upon House Bill No. (H-0807/03) becoming law in
10 its entirety, an additional special fuel tax rate of one cent per
11 gallon of special fuel, or each one hundred cubic feet of compressed
12 natural gas, measured at standard pressure and temperature is imposed
13 on special fuel users.

14 (5) Effective upon House Bill No. (H-0810/03) becoming law in
15 its entirety, an additional special fuel tax rate of one cent per
16 gallon of special fuel, or each one hundred cubic feet of compressed
17 natural gas, measured at standard pressure and temperature is imposed
18 on special fuel users.

19 (6) Effective upon the completion of the drafting and adoption of
20 standards and the subsequent delegation of permitting authority to the
21 department of transportation by the departments of fish and wildlife
22 and ecology as required by House Bill No. (H-0809/03), an
23 additional special fuel tax rate of one cent per gallon of special
24 fuel, or each one hundred cubic feet of compressed natural gas,
25 measured at standard pressure and temperature is imposed on special
26 fuel users.

27 (7) The tax ((imposed by subsection (1) of this section)) is
28 imposed when:

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

34 (b) Special fuel is removed in this state from a refinery if either
35 of the following applies:

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

1 (ii) The removal is at the refinery rack unless the removal is to
2 a licensed exporter for direct delivery to a destination outside of the
3 state, or the removal is to a special fuel distributor for direct
4 delivery to an international fuel tax agreement licensee under RCW
5 82.38.320;

6 (c) Special fuel enters into this state for sale, consumption, use,
7 or storage if either of the following applies:

8 (i) The entry is by bulk transfer and the importer is not a
9 licensee; or

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

11 (d) Special fuel is sold or removed in this state to an unlicensed
12 entity unless there was a prior taxable removal, entry, or sale of the
13 special fuel;

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

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

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

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

26 (i) Special fuel is sold by a licensed special fuel supplier to a
27 special fuel distributor, special fuel importer, or special fuel
28 blender and the special fuel is not removed from the bulk transfer-
29 terminal system.

30 ~~((+3+))~~ (8) The tax imposed by this chapter, if required to be
31 collected by the licensee, is held in trust by the licensee until paid
32 to the department, and a licensee who appropriates or converts the tax
33 collected to his or her own use or to any use other than the payment of
34 the tax to the extent that the money required to be collected is not
35 available for payment on the due date as prescribed in this chapter is
36 guilty of a felony, or gross misdemeanor in accordance with the theft
37 and anticipatory provisions of Title 9A RCW. A person, partnership,
38 corporation, or corporate officer who fails to collect the tax imposed

1 by this section, or who has collected the tax and fails to pay it to
2 the department in the manner prescribed by this chapter, is personally
3 liable to the state for the amount of the tax.

4 **Sec. 5.** RCW 82.38.035 and 2001 c 270 s 7 are each amended to read
5 as follows:

6 (1) A licensed supplier shall remit tax on special fuel to the
7 department as provided in RCW 82.38.030(~~(+2)~~) (7)(a). On a two-party
8 exchange, or buy-sell agreement between two licensed suppliers, the
9 receiving exchange partner or buyer shall remit the tax.

10 (2) A refiner shall remit tax to the department on special fuel
11 removed from a refinery as provided in RCW 82.38.030(~~(+2)~~) (7)(b).

12 (3) An importer shall remit tax to the department on special fuel
13 imported into this state as provided in RCW 82.38.030(~~(+2)~~) (7)(c).

14 (4) A blender shall remit tax to the department on the removal or
15 sale of blended special fuel as provided in RCW 82.38.030(~~(+2)~~)
16 (7)(e).

17 (5) A dyed special fuel user shall remit tax to the department on
18 the use of dyed special fuel as provided in RCW 82.38.030(~~(+2)~~)
19 (7)(f).

20 **Sec. 6.** RCW 82.38.045 and 1998 c 176 s 54 are each amended to read
21 as follows:

22 A terminal operator is jointly and severally liable for remitting
23 the tax imposed under RCW 82.38.030(~~(+1)~~) if, at the time of removal:

24 (1) The position holder with respect to the special fuel is a
25 person other than the terminal operator and is not a licensee;

26 (2) The terminal operator is not a licensee;

27 (3) The position holder has an expired internal revenue service
28 notification certificate issued under chapter 26, C.F.R. Part 48; or

29 (4) The terminal operator had reason to believe that information on
30 the notification certificate was false.

31 **Sec. 7.** RCW 82.38.047 and 1998 c 176 s 55 are each amended to read
32 as follows:

33 A terminal operator is jointly and severally liable for remitting
34 the tax imposed under RCW 82.38.030(~~(+1)~~) if, in connection with the
35 removal of special fuel that is not dyed or marked in accordance with

1 internal revenue service requirements, the terminal operator provides
2 a person with a bill of lading, shipping paper, or similar document
3 indicating that the special fuel is dyed or marked in accordance with
4 Internal Revue Service requirements.

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