
HOUSE BILL 1839

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By Representatives Cooper, Hankins, Wood, Rockefeller, Romero, Schindler, Woods, Delvin, Skinner, Lovick, Santos, Grant and Chase

Read first time 02/12/2003. Referred to Committee on Transportation.

1 AN ACT Relating to transportation funding; amending RCW 46.68.080,
2 82.38.080, and 82.08.0255; adding a new section to chapter 82.08 RCW;
3 repealing RCW 82.36.029; repealing 1998 c 115 s 5 (uncodified); and
4 providing an effective date.

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

6 **Sec. 1.** RCW 46.68.080 and 1961 c 12 s 46.68.080 are each amended
7 to read as follows:

8 All motor vehicle license fees and all motor vehicle fuel tax
9 directly or indirectly paid by the residents of those counties composed
10 entirely of islands and which have neither a fixed physical connection
11 with the mainland nor any state highways on any of the islands of which
12 they are composed, shall be paid into the (~~motor vehicle fund of the~~
13 ~~state of Washington and shall monthly, as they accrue, and after~~
14 ~~deducting therefrom the expenses of issuing such licenses and the cost~~
15 ~~of collecting such motor vehicle fuel tax, be paid to the county~~
16 ~~treasurer of each such county to be by him disbursed as hereinafter~~
17 ~~provided~~) Puget Sound ferry operations account and be used to fund the
18 ferry service provided to those islands.

1 One-half of all motor vehicle license fees and motor vehicle fuel
2 tax directly or indirectly paid by the residents of those counties
3 composed entirely of islands and which have either a fixed physical
4 connection with the mainland or state highways on any of the islands of
5 which they are composed, shall be paid into the (~~motor vehicle fund of~~
6 ~~the state of Washington and shall monthly, as they accrue, and after~~
7 ~~deducting therefrom the expenses of issuing such licenses and the cost~~
8 ~~of collecting such motor vehicle fuel tax, be paid to the county~~
9 ~~treasurer of each such county to be by him disbursed as hereinafter~~
10 ~~provided~~) Puget Sound ferry operations account and be used to fund the
11 ferry service provided to those islands.

12 (~~All funds paid to the county treasurer of the counties of either~~
13 ~~class above referred to as in this section provided, shall be by such~~
14 ~~county treasurer distributed and credited to the several road districts~~
15 ~~of each such county and paid to the city treasurer of each incorporated~~
16 ~~city and town within each such county, in the direct proportion that~~
17 ~~the assessed valuation of each such road district and incorporated city~~
18 ~~and town shall bear to the total assessed valuation of each such~~
19 ~~county.~~

20 ~~The amount of motor vehicle fuel tax paid by the residents of those~~
21 ~~counties composed entirely of islands shall, for the purposes of this~~
22 ~~section, be that percentage of the total amount of motor vehicle fuel~~
23 ~~tax collected in the state that the motor vehicle license fees paid by~~
24 ~~the residents of counties composed entirely of islands bears to the~~
25 ~~total motor vehicle license fees paid by the residents of the state.)~~

26 **Sec. 2.** RCW 82.38.080 and 1998 c 176 s 60 are each amended to read
27 as follows:

28 (1) (~~There is~~) The use of fuel for the following purposes is
29 fully exempted from the tax imposed by this chapter(~~, the use of fuel~~
30 ~~for~~):

31 (a) Street and highway construction and maintenance purposes in
32 motor vehicles owned and operated by the state of Washington, or any
33 county or municipality;

34 (b) Publicly owned fire fighting equipment;

35 (c) Special mobile equipment as defined in RCW 46.04.552;

36 (d) Power pumping units or other power take-off equipment of any

1 motor vehicle which is accurately measured by metering devices that
2 have been specifically approved by the department or which is
3 established by any of the following formulae:

4 (i) Pumping propane, or fuel or heating oils or milk picked up from
5 a farm or dairy farm storage tank by a power take-off unit on a
6 delivery truck, at a rate determined by the department: PROVIDED, That
7 claimant when presenting his or her claim to the department in
8 accordance with this chapter, shall provide to the claim, invoices of
9 propane, or fuel or heating oil delivered, or such other appropriate
10 information as may be required by the department to substantiate his or
11 her claim;

12 (ii) Operating a power take-off unit on a cement mixer truck or a
13 load compactor on a garbage truck at the rate of twenty-five percent of
14 the total gallons of fuel used in such a truck; or

15 (iii) The department is authorized to establish by rule additional
16 formulae for determining fuel usage when operating other types of
17 equipment by means of power take-off units when direct measurement of
18 the fuel used is not feasible. The department is also authorized to
19 adopt rules regarding the usage of on board computers for the
20 production of records required by this chapter;

21 (e) Motor vehicles owned and operated by the United States
22 government;

23 (f) Heating purposes;

24 (g) (~~Moving a motor vehicle on a public highway between two pieces~~
25 ~~of private property when said moving is incidental to the primary use~~
26 ~~of the motor vehicle~~) Ferry service owned and operated by the state of
27 Washington;

28 (h) Transportation services for persons with special transportation
29 needs by a private, nonprofit transportation provider regulated under
30 chapter 81.66 RCW;

31 (i) Vehicle refrigeration units, mixing units, or other equipment
32 powered by separate motors from separate fuel tanks; and

33 (j) The operation of a motor vehicle as a part of or incidental to
34 logging operations upon a highway under federal jurisdiction within the
35 boundaries of a federal area if the federal government requires a fee
36 for the privilege of operating the motor vehicle upon the highway, the
37 proceeds of which are reserved for constructing or maintaining roads in

1 the federal area, or requires maintenance or construction work to be
2 performed on the highway for the privilege of operating the motor
3 vehicle on the highway.

4 (2) There is exempted from the tax imposed by this chapter the
5 removal or entry of special fuel under the following circumstances and
6 conditions:

7 (a) If it is the removal from a terminal or refinery of, or the
8 entry or sale of, a special fuel if all of the following apply:

9 (i) The person otherwise liable for the tax is a licensee other
10 than a dyed special fuel user or international fuel tax agreement
11 licensee;

12 (ii) For a removal from a terminal, the terminal is a licensed
13 terminal; and

14 (iii) The special fuel satisfies the dyeing and marking
15 requirements of this chapter;

16 (b) If it is an entry or removal from a terminal or refinery of
17 taxable special fuel transferred to a refinery or terminal and the
18 persons involved, including the terminal operator, are licensed; and

19 (c)(i) If it is a special fuel that, under contract of sale, is
20 shipped to a point outside this state by a supplier by means of any of
21 the following:

22 (A) Facilities operated by the supplier;

23 (B) Delivery by the supplier to a carrier, customs broker, or
24 forwarding agent, whether hired by the purchaser or not, for shipment
25 to the out-of-state point;

26 (C) Delivery by the supplier to a vessel clearing from port of this
27 state for a port outside this state and actually exported from this
28 state in the vessel.

29 (ii) For purposes of this subsection (2)(c):

30 (A) "Carrier" means a person or firm engaged in the business of
31 transporting for compensation property owned by other persons, and
32 includes both common and contract carriers; and

33 (B) "Forwarding agent" means a person or firm engaged in the
34 business of preparing property for shipment or arranging for its
35 shipment.

36 (3) Notwithstanding any provision of law to the contrary, every
37 urban passenger transportation system and carriers as defined by
38 chapters 81.68 and 81.70 RCW shall be exempt from the provisions of

1 this chapter requiring the payment of special fuel taxes. For the
2 purposes of this section "urban passenger transportation system" means
3 every transportation system, publicly or privately owned, having as its
4 principal source of revenue the income from transporting persons for
5 compensation by means of motor vehicles and/or trackless trolleys, each
6 having a seating capacity for over fifteen persons over prescribed
7 routes in such a manner that the routes of such motor vehicles and/or
8 trackless trolleys, either alone or in conjunction with routes of other
9 such motor vehicles and/or trackless trolleys subject to routing by the
10 same transportation system, shall not extend for a distance exceeding
11 twenty-five road miles beyond the corporate limits of the county in
12 which the original starting points of such motor vehicles are located:
13 PROVIDED, That no refunds or credits shall be granted on special fuel
14 used by any urban transportation vehicle or vehicle operated pursuant
15 to chapters 81.68 and 81.70 RCW on any trip where any portion of said
16 trip is more than twenty-five road miles beyond the corporate limits of
17 the county in which said trip originated.

18 **Sec. 3.** RCW 82.08.0255 and 1998 c 176 s 4 are each amended to read
19 as follows:

- 20 (1) The tax levied by RCW 82.08.020 shall not apply to sales of:
- 21 (a) Motor vehicle fuel used in aircraft by the manufacturer thereof
22 for research, development, and testing purposes; and
23 (b) Motor vehicle and special fuel if:
- 24 (i) The fuel is purchased for the purpose of public transportation
25 and the purchaser is entitled to a refund or an exemption under RCW
26 82.36.275 or 82.38.080(3); or
27 (ii) The fuel is purchased by a private, nonprofit transportation
28 provider certified under chapter 81.66 RCW and the purchaser is
29 entitled to a refund or an exemption under RCW 82.36.285 or
30 82.38.080(1)(h); or
31 (iii) The fuel is taxable under chapter 82.36 or 82.38 RCW; or
32 (iv) The fuel is purchased and used by the Washington state
33 ferries.

34 (2) Any person who has paid the tax imposed by RCW 82.08.020 on the
35 sale of special fuel delivered in this state shall be entitled to a
36 credit or refund of such tax with respect to fuel subsequently
37 established to have been actually transported and used outside this

1 state by persons engaged in interstate commerce. The tax shall be
2 claimed as a credit or refunded through the tax reports required under
3 RCW 82.38.150.

4 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.08 RCW
5 to read as follows:

6 Sales tax revenue generated from motor vehicle leases must be
7 deposited into the multimodal transportation account.

8 NEW SECTION. **Sec. 5.** The following acts or parts of acts are each
9 repealed:

10 (1) RCW 82.36.029 (Deductions--Handling losses--Reports) and 1998
11 c 176 s 10; and

12 (2) 1998 c 115 s 5 (uncodified).

13 NEW SECTION. **Sec. 6.** This act takes effect August 1, 2003.

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