S-1689.1

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**SENATE BILL 5756**

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**State of Washington 68th Legislature 2023 Regular Session**

**By** Senators Muzzall, Boehnke, Braun, Dozier, Fortunato, Hawkins, Holy, MacEwen, Padden, Rivers, Schoesler, Short, Torres, Wagoner, Warnick, J. Wilson, and L. Wilson

AN ACT Relating to a temporary suspension of the state motor vehicle fuel tax; amending RCW 82.38.030; adding a new section to chapter 82.32 RCW; creating a new section; and declaring an emergency.

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

NEW SECTION. **Sec.**  (1) The legislature finds:

(a) Gasoline and diesel are essential to daily life for most Washington residents, with gasoline and diesel helping to take most working people to and from their jobs, take most students to and from school, and keep Washington's economy moving, helping transport freight to and from markets and ports and transport food from farm to table.

(b) That while the state budget is expected to have a record surplus, Washingtonians are facing record high inflation in the cost of goods and services, and their own household budgets have been affected by high gas prices that have continued to increase over time. It also finds that the cost of gasoline and diesel consumes more financial resources from lower-income households, which can least afford significant price inflation, and from rural households, which incur larger costs for essential travel than residents of more populated regions of the state.

(2) The legislature intends to make gasoline and diesel more affordable for the families, job creators, students, and residents of Washington by suspending the motor vehicle fuel tax, using a portion of the historic budget surplus, and offering this significant, direct tax relief through December 31, 2023.

**Sec.**  RCW 82.38.030 and 2015 3rd sp.s. c 44 s 103 are each amended to read as follows:

(1) There is levied and imposed upon fuel licensees a tax at the rate of ((~~twenty-three~~)) 23 cents per gallon of fuel.

(2) Beginning July 1, 2003, an additional and cumulative tax rate of five cents per gallon of fuel is imposed on fuel licensees. This subsection (2) expires when the bonds issued for transportation 2003 projects are retired.

(3) Beginning July 1, 2005, an additional and cumulative tax rate of three cents per gallon of fuel is imposed on fuel licensees.

(4) Beginning July 1, 2006, an additional and cumulative tax rate of three cents per gallon of fuel is imposed on fuel licensees.

(5) Beginning July 1, 2007, an additional and cumulative tax rate of two cents per gallon of fuel is imposed on fuel licensees.

(6) Beginning July 1, 2008, an additional and cumulative tax rate of one and one-half cents per gallon of fuel is imposed on fuel licensees.

(7) Beginning August 1, 2015, an additional and cumulative tax rate of seven cents per gallon of fuel is imposed on fuel licensees.

(8) Beginning July 1, 2016, an additional and cumulative tax rate of four and nine-tenths cents per gallon of fuel is imposed on fuel licensees.

(9) Taxes are imposed when:

(a) Fuel is removed in this state from a terminal if the fuel is removed at the rack unless the removal is by a licensed supplier or distributor for direct delivery to a destination outside of the state, or the removal is by a fuel supplier for direct delivery to an international fuel tax agreement licensee under RCW 82.38.320;

(b) Fuel is removed in this state from a refinery if either of the following applies:

(i) The removal is by bulk transfer and the refiner or the owner of the fuel immediately before the removal is not a licensed supplier; or

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

(c) Fuel enters into this state for sale, consumption, use, or storage, unless the fuel enters this state for direct delivery to an international fuel tax agreement licensee under RCW 82.38.320, if either of the following applies:

(i) The entry is by bulk transfer and the importer is not a licensed supplier; or

(ii) The entry is not by bulk transfer;

(d) Fuel enters this state by means outside the bulk transfer-terminal system and is delivered directly to a licensed terminal unless the owner is a licensed distributor or supplier;

(e) Fuel is sold or removed in this state to an unlicensed entity unless there was a prior taxable removal, entry, or sale of the fuel;

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

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

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

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

(j) Fuel is sold by a licensed fuel supplier to a fuel distributor or fuel blender and the fuel is not removed from the bulk transfer-terminal system.

(10) No taxes may be imposed under this section beginning on the effective date of this section through December 31, 2023. However, in order to be exempt from the tax imposed under this section, the licensee must provide certification and documentation to the department that the prices paid by consumers will be lowered by a commensurate amount to the tax not imposed during this time period.

NEW SECTION. **Sec.**  A new section is added to chapter 82.32 RCW to read as follows:

On September 1, 2023, the state treasurer must transfer from the general fund to the motor vehicle fund created in RCW 46.68.070 a total of $1,300,000,000.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

**--- END ---**