CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 1254**

Chapter 68, Laws of 2023

68th Legislature

2023 Regular Session

DEPARTMENT OF REVENUE—INFLATIONARY INDICES

EFFECTIVE DATE: July 23, 2023

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| Passed by the House March 1, 2023  Yeas 96 Nays 0  LAURIE JINKINS  **Speaker of the House of Representatives**  Passed by the Senate April 5, 2023  Yeas 48 Nays 0  DENNY HECK  **President of the Senate** | CERTIFICATE  I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1254** as passed by the House of Representatives and the Senate on the dates hereon set forth.  BERNARD DEAN  Chief Clerk |
| Approved April 13, 2023 9:38 AM | April 13, 2023 |
| JAY INSLEE  **Governor of the State of Washington** | **Secretary of State**  **State of Washington** |

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**SUBSTITUTE HOUSE BILL 1254**

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Passed Legislature - 2023 Regular Session

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

**By** House Finance (originally sponsored by Representatives Street, Reed, and Ramel; by request of Department of Revenue)

AN ACT Relating to clarifying ambiguities in statutory provisions administered by the department of revenue relating to periodic adjustments; and amending RCW 53.08.090, 82.12.0203, and 82.21.030.

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

**Sec.**  RCW 53.08.090 and 1994 c 26 s 1 are each amended to read as follows:

(1) A port commission may, by resolution, authorize the managing official of a port district to sell and convey port district property ((~~of ten thousand dollars or less in value~~)) having a value not exceeding the value limit in subsection (2) of this section. The authority ((~~shall~~)) must be in force for not more than one calendar year from the date of resolution and may be renewed from year to year. Prior to any such sale or conveyance the managing official shall itemize and list the property to be sold and make written certification to the commission that the listed property is no longer needed for district purposes. Any large block of the property having a value in excess of ((~~ten thousand dollars shall~~)) the value limit in subsection (2) of this section must not be broken down into components ((~~of ten thousand dollars or less~~)) having a value not exceeding the value limit in subsection (2) of this section and sold in the smaller components unless the smaller components be sold by public competitive bid. A port district may sell and convey any of its real or personal property valued at more than ((~~ten thousand dollars~~)) the value limit in subsection (2) of this section when the port commission has, by resolution, declared the property to be no longer needed for district purposes, but no property which is a part of the comprehensive plan of improvement or modification thereof ((~~shall~~)) must be disposed of until the comprehensive plan has been modified to find the property surplus to port needs. The comprehensive plan ((~~shall~~)) must be modified only after public notice and hearing provided by RCW 53.20.010.

Nothing in this section ((~~shall be deemed to repeal or modify~~)) repeals or modifies procedures for property sales within industrial development districts as set forth in chapter 53.25 RCW.

(2) ((~~The ten thousand dollar figures in subsection (1) of this section shall be adjusted annually based upon the governmental price index established by the department of revenue under RCW 82.14.200~~)) (a) Beginning on the effective date of this section, the value limit in subsection (1) of this section is $22,000. Beginning December 2024, and each December thereafter, the department shall adjust the value limit for the following calendar year by multiplying the current value limit by one plus the percentage by which the most current consumer price index available on December 1st of the current year exceeds the consumer price index for the prior 12-month period, and rounding the result to the nearest $10.

(b) For purposes of this subsection (2):

(i) "Consumer price index" means the consumer price index for all urban consumers, all items less food and energy, for the Seattle area as calculated by the United States bureau of labor statistics or successor agency.

(ii) "Seattle area" means the geographic area sample that includes Seattle and surrounding areas.

**Sec.**  RCW 82.12.0203 and 2017 3rd sp.s. c 28 s 108 are each amended to read as follows:

(1)(a) The value of the article used with respect to refinery fuel gas subject to tax under this chapter is the ((~~most recent monthly United States natural gas wellhead price, as published by the federal energy information administration~~)) three-year average spot price of natural gas as calculated by the department.

(b) For the purposes of this section, "three-year average spot price of natural gas" means the average of the 36 most recent monthly Henry Hub natural gas spot prices, as published by the federal energy information administration or successor federal agency.

(c) The department must calculate and publish the three-year average spot price of natural gas on its website on a quarterly basis by:

(i) March 25th of each year, for tax due under this chapter on activities occurring April 1st through June 30th of that year;

(ii) June 25th of each year, for tax due under this chapter on activities occurring July 1st through September 30th of that year;

(iii) September 25th of each year, for tax due under this chapter on activities occurring October 1st through December 31st of that year; and

(iv) December 25th of each year, for tax due under this chapter on activities occurring January 1st through March 31st of the following year.

(d) If the federal energy information administration or successor federal agency no longer publishes the Henry Hub natural gas spot price:

(i) The department must notify the appropriate fiscal committees of the legislature that the Henry Hub natural gas spot price is no longer being published by the federal government. This notification must occur before the beginning of the next regular legislative session following the department becoming aware that the federal energy information administration or successor federal agency no longer publishes the Henry Hub natural gas spot price.

(ii) Until such time as a replacement valuation standard is enacted into law, the value of the article used with respect to refinery fuel gas subject to tax under this chapter is the most recent three-year average spot price of natural gas published by the department on its website.

(2) In lieu of the use tax rate provided in RCW 82.12.020, refinery fuel gas is subject to a rate of:

(a) 0.963 percent from January 1, 2018, through December 31, 2018;

(b) 1.926 percent from January 1, 2019, through December 31, 2019;

(c) 2.889 percent from January 1, 2020, through December 31, 2020; and

(d) 3.852 percent from January 1, 2021, and thereafter.

(3) The use of fuel by the extractor or manufacturer thereof when used directly in the operation of the particular extractive operation or manufacturing plant that produced or manufactured the same is not subject to local use tax.

**Sec.**  RCW 82.21.030 and 2022 c 182 s 313 are each amended to read as follows:

(1)(a) A tax is imposed on the privilege of possession of hazardous substances in this state. Except as provided in (b) of this subsection, the rate of the tax is seven-tenths of one percent multiplied by the wholesale value of the substance. Moneys collected under this subsection (1)(a) must be deposited in the model toxics control capital account.

(b) ((~~Beginning~~)) For the fiscal year beginning July 1, 2019, the rate of the tax on petroleum products is ((~~one dollar and nine cents~~)) $1.09 per barrel. For subsequent fiscal years, the rate of tax on petroleum products is determined pursuant to subsection (3) of this section. The tax collected under this subsection (1)(b) on petroleum products must be deposited as follows, after first depositing the tax as provided in (c) of this subsection, except that during the 2021-2023 biennium the deposit as provided in (c) of this subsection may be prorated equally across each month of the biennium:

(i) Sixty percent to the model toxics control operating account created under RCW 70A.305.180;

(ii) Twenty-five percent to the model toxics control capital account created under RCW 70A.305.190; and

(iii) Fifteen percent to the model toxics control stormwater account created under RCW 70A.305.200.

(c) Until the beginning of the ensuing biennium after the enactment of an additive transportation funding act, $50,000,000 per biennium to the motor vehicle fund to be used exclusively for transportation stormwater activities and projects. For purposes of this subsection, "additive transportation funding act" means an act enacted after June 30, 2023, in which the combined total of new revenues deposited into the motor vehicle fund and the multimodal transportation account exceed $2,000,000,000 per biennium attributable solely to an increase in revenue from the enactment of the act.

(d) The department must compile a list of petroleum products that are not easily measured on a per barrel basis. Petroleum products identified on the list are subject to the rate under (a) of this subsection in lieu of the volumetric rate under (b) of this subsection. The list will be made in a form and manner prescribed by the department and must be made available on the department's internet website. In compiling the list, the department may accept technical assistance from persons that sell, market, or distribute petroleum products and consider any other resource the department finds useful in compiling the list.

(2) Chapter 82.32 RCW applies to the tax imposed in this chapter. The tax due dates, reporting periods, and return requirements applicable to chapter 82.04 RCW apply equally to the tax imposed in this chapter.

(3) ((~~Beginning~~)) For fiscal years beginning on or after July 1, 2020, ((~~and every July 1st thereafter,~~)) the rate ((~~specified in subsection (1)(b) of this section~~)) of tax on petroleum products for the previous fiscal year must be adjusted to reflect the percentage change in the implicit price deflator for nonresidential structures as published by the United States department of commerce, bureau of economic analysis for the most recent 12-month period ending December 31st of the prior year.

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Passed by the House March 1, 2023.

Passed by the Senate April 5, 2023.

Approved by the Governor April 13, 2023.

Filed in Office of Secretary of State April 13, 2023.