

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE HOUSE BILL 2061

69th Legislature
2025 Regular Session

Passed by the House April 18, 2025
Yeas 56 Nays 40

**Speaker of the House of
Representatives**

Passed by the Senate April 26, 2025
Yeas 27 Nays 20

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 2061** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 2061

Passed Legislature - 2025 Regular Session

State of Washington

69th Legislature

2025 Regular Session

By House Appropriations (originally sponsored by Representatives Fitzgibbon, Gregerson, Kloba, and Ramel)

READ FIRST TIME 04/08/25.

1 AN ACT Relating to concession fees by duty-free sales
2 enterprises; amending RCW 43.384.040 and 14.08.330; adding a new
3 section to chapter 43.31 RCW; adding a new chapter to Title 19 RCW;
4 creating new sections; and providing an effective date.

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

6 NEW SECTION. **Sec. 1.** (1) The legislature finds that federal law
7 in 19 U.S.C. Sec. 1555 recognizes the authority of states and
8 governmental authorities, incident to their jurisdiction over any
9 airport, seaport, or other exit point facility, to require a
10 concession or other form of approval to be obtained with respect to
11 the operation of a duty-free sales enterprise under which merchandise
12 is delivered to or through such facility for exportation.

13 (2) The legislature finds that congress in enacting the omnibus
14 trade and competitiveness act of 1988, H.R. 4848, specifically
15 recognized that concession fees derived from the operations of
16 authorized duty-free sales enterprises constitute an important source
17 of revenue for the state and other governmental authorities that
18 collect such fees.

19 (3) The legislature finds that duty-free sales enterprises
20 operate in Washington including at airports and locations within
21 Washington near international borders, and engage in sales of

1 alcohol, cigarettes, other tobacco products, vapor products, nicotine
2 products, and various kinds of merchandise. The legislature finds
3 that Washington has jurisdiction over these facilities, locations,
4 and duty-free sales enterprises operating in Washington, and that
5 Washington does not currently require concession fees of duty-free
6 sales enterprises to the extent authorized by federal law for
7 collecting this important source of revenue.

8 (4) Therefore, the legislature intends to impose concession fees
9 on duty-free sales enterprises operating within Washington as
10 provided in this act.

11 NEW SECTION. **Sec. 2.** The definitions in this section apply
12 throughout this chapter unless the context clearly requires
13 otherwise.

14 (1) "Concession fee" means payment of a monetary fee by a duty-
15 free sales enterprise to Washington state in relation to the sale of
16 merchandise from a duty-free sales enterprise operating in
17 Washington.

18 (2) "Department" means the department of revenue.

19 (3) "Duty-free sales enterprise" has the same meaning as in 19
20 U.S.C. Sec. 1555(b)(8), as it exists on the effective date of this
21 section, or such subsequent date as may be provided by the department
22 by rule, consistent with the purposes of this title.

23 (4) "Gross proceeds of sales" has the same meaning as in RCW
24 82.04.070.

25 (5) "Merchandise" means all items, goods, and products sold by a
26 duty-free sales enterprise including but not limited to beer, wine,
27 spirits, liquor, cigarettes, other tobacco products, vapor products,
28 nicotine products, nonalcoholic beverages, food, clothing, jewelry,
29 fragrances, cosmetics, accessories, electronics, books, magazines,
30 souvenirs, and all other items, goods, and products whatsoever.

31 (6) "Sales" has the same meaning as in RCW 82.04.040.

32 NEW SECTION. **Sec. 3.** (1) Upon every duty-free sales enterprise
33 operating in Washington, there is levied and collected a concession
34 fee in an amount equal to the gross proceeds of sales of merchandise
35 by the duty-free sales enterprise, multiplied by the rate of 0.10.

36 (2) The concession fee in this section is separate and in
37 addition to business and occupation taxes and all other taxes and
38 fees applicable to duty-free sales enterprises operating in

1 Washington including a concession fee paid to a port authority or
2 other governmental authority.

3 (3) The concession fee may be stated separately from the selling
4 price. For purposes of determining the amount due from the buyer to
5 the seller, it is conclusively presumed that the selling price quoted
6 in any price list does not include concession fees imposed by this
7 section.

8 (4) The moneys collected pursuant to this section shall be
9 distributed as follows:

10 (a) For amounts appropriated to the department of revenue for the
11 implementation and administration of this act; and

12 (b) Beginning July 1, 2025 and annually thereafter, the moneys
13 remaining after the amounts appropriated pursuant to subsection (a)
14 shall be deposited as follows:

15 (i) Fifty percent into the statewide tourism marketing account
16 created in RCW 43.384.040; and

17 (ii) Fifty percent into the sustainable aviation fuel account
18 created in section 4 of this act.

19 (5) The department shall implement this chapter and may establish
20 procedures and requirements for the payment of concession fees by
21 duty-free sales enterprises and the collection of such concession
22 fees.

23 (6) All other administrative provisions of chapter 82.32 RCW have
24 full force and application with respect to the fee imposed under this
25 section.

26 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.31
27 RCW to read as follows:

28 The sustainable aviation fuel account is created in the state
29 treasury. The account shall consist of concession fees collected and
30 deposited into the account pursuant to section 3 of this act. Moneys
31 in the account may be spent only after appropriation. Moneys in the
32 account may be expended by the department for activities supporting
33 research development, environmental review, and infrastructure to
34 support the production of sustainable aviation fuel.

35 **Sec. 5.** RCW 43.384.040 and 2023 c 348 s 1 are each amended to
36 read as follows:

37 The statewide tourism marketing account is created in the state
38 treasury. All receipts from tax revenues under RCW 82.08.225 and

moneys collected pursuant to section 3 of this act must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for expenditures of the department that are related to implementation of a statewide tourism marketing program and operation of the authority. A one-to-one nonstate or state fund, other than general fund state, match must be provided for all expenditures from the account. A match may consist of nonstate or state fund, other than general fund state, cash contributions deposited in the private local account created under RCW 43.384.020(4), the value of an advertising equivalency contribution, or an in-kind contribution. The board must determine criteria for what qualifies as an in-kind contribution.

NEW SECTION. **Sec. 6.** The department may adopt rules to implement this chapter.

Sec. 7. RCW 14.08.330 and 1985 c 246 s 1 are each amended to read as follows:

Every airport and other air navigation facility controlled and operated by any municipality, or jointly controlled and operated pursuant to the provisions of this chapter, shall, subject to federal and state laws, rules, and regulations, including sections 2, 3, and 6 of this act, be under the exclusive jurisdiction and control of the municipality or municipalities controlling and operating it. The municipality or municipalities shall have concurrent jurisdiction over the adjacent territory described in RCW 14.08.120(~~((2))~~) (1)(b). No other municipality in which the airport or air navigation facility is located shall have any police jurisdiction of the same or any authority to charge or exact any license fees or occupation taxes for the operations. However, by agreement with the municipality operating and controlling the airport or air navigation facility, a municipality in which an airport or air navigation facility is located may be responsible for the administration and enforcement of the uniform fire code, as adopted by that municipality under RCW 19.27.040, on that portion of any airport or air navigation facility located within its jurisdictional boundaries.

NEW SECTION. **Sec. 8.** This act takes effect January 1, 2026.

1 NEW SECTION. **Sec. 9.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

5 NEW SECTION. **Sec. 10.** Sections 2, 3, and 6 of this act
6 constitute a new chapter in Title 19 RCW.

7 NEW SECTION. **Sec. 11.** If specific funding for the purposes of
8 this act, referencing this act by bill or chapter number, is not
9 provided by June 30, 2025, in the omnibus appropriations act, this
10 act is null and void.

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