

FINAL BILL REPORT

HB 2659

C 90 L 96
Synopsis as Enacted

Brief Description: Computing special fuel tax on a mileage basis.

Sponsors: Representatives Skinner, R. Fisher and Cairnes; by request of Department of Licensing.

House Committee on Transportation
Senate Committee on Transportation

Background: The fuel tax division of the Department of Licensing (DOL) is responsible for auditing special fuel users to determine if the appropriate amount of special fuel tax is being remitted to the state. Special fuel licenses are issued to persons who are authorized to purchase fuel without paying tax. If the fuel is used in a non-exempt vehicle and the taxpayer's records are inadequate to prove the number of miles actually traveled, the department can presume the calculation of fuel used based on four miles per gallon for vehicles over 40,000 pounds gross weight; seven miles per gallon for vehicles 12,001 to 40,000 pounds gross weight; 10 miles per gallon for vehicles 6,001 to 12,000 pounds gross weight; and 16 miles per gallon for vehicles 6,000 pounds or less gross weight. Because the users of special fuel are required to maintain detailed mileage records showing both on-highway and off-highway usage, the imposed calculations are intended to be punitive.

The language pertaining to the calculation of the miles traveled in the absence of records was challenged and the court found for the plaintiff. The court indicated that the language was not specifically punitive and disallowed the four miles per gallon for vehicles over 40,000 pounds gross weight if it was proved that the vehicle averaged better than four miles per gallon.

Summary: The language is restated that, in the absence of operation records, vehicle miles per gallon "must be calculated" using the above schedule instead of "presuming" the vehicle miles per gallon on the above schedule.

Votes on Final Passage:

House	96 0
Senate	46 0

Effective: June 6, 1996