

# FINAL BILL REPORT

## HB 2285

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Synopsis as Enacted

**Brief Description:** Modifying fuel tax provisions.

**Sponsors:** By Representatives Fisher, Hatfield, Mitchell and Haigh; by request of Department of Licensing.

**House Committee on Transportation**  
**Senate Committee on Transportation**

**Background:**

The state levies a 23 cent-per-gallon tax on special fuel, i.e., diesel fuel. The tax revenue must be spent for highway purposes. Dyed special fuel is exempt from the special fuel tax. A person may not operate a vehicle on a public road in this state with dyed special fuel in the vehicle's fuel supply tank, unless the use is authorized by the federal internal revenue code.

The penalty for unlawful use of dyed special fuel to operate a vehicle upon the highways of the state is \$10 for each gallon of dyed special fuel placed into the vehicle's supply tank or \$1,000, whichever is greater. The penalties apply only to the user of the dyed special fuel, not to the distributors or sellers.

The Department of Licensing has received legal advice that some changes to the provisions regarding dyed special fuel would assist it in enforcing the prohibition against unlawful use of dyed special fuel.

**Summary:**

The application of current law to persons who use dyed special fuel unlawfully is clarified. Penalties are extended to persons who intentionally sell dyed special fuel for unlawful use.

The definition of tax "evasion" is expanded to include omissions of fact and the unlawful use of dyed special fuel. Dyed special fuel is subject to tax if held for sale, sold, used, or intended to be used in violation of the law. Persons engaging in the unauthorized use of dyed special fuel are subject to all presumptions, reporting, and record keeping requirements of the law. The civil penalty for unlawful use of dyed fuel attaches to persons for "having fuel in the tank" rather than "using fuel for propulsion." A person who stores dyed special fuel in bulk for intended sale or use in violation of the law is

subject to a penalty of \$10 per gallon or \$1,000, whichever is greater.

**Votes on Final Passage:**

House 97     0

Senate 47    0

**Effective:** June 13, 2002