
HOUSE BILL 2128

State of Washington

60th Legislature

2007 Regular Session

By Representatives Conway, Pettigrew, Simpson, Chase, Moeller and Ormsby

Read first time 02/09/2007. Referred to Committee on Finance.

1 AN ACT Relating to imposing additional taxes on petroleum
2 businesses; adding a new section to chapter 82.04 RCW; and providing a
3 contingent effective date.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
6 to read as follows:

7 (1) The definitions in this subsection apply to this section.

8 (a) "Affiliated business" means a business that is a member of a
9 group of two or more businesses with a common owner or owners, either
10 corporate or noncorporate, when more than fifty percent of the voting
11 stock or ownership of each member business is directly or indirectly
12 owned by the common owner or owners or by one or more of the member
13 businesses.

14 (b) "Another state" includes (i) a state of the United States other
15 than Washington, or any political subdivision of such other state, (ii)
16 the District of Columbia, and (iii) any foreign country or political
17 subdivision thereof.

18 (c) "Gas" means all hydrocarbons produced that are not defined as

1 oil, including all liquid hydrocarbons extracted at a gas processing
2 plant.

3 (d) "Gross receipts tax" means a tax:

4 (i) Imposed on or measured by the gross volume of business, in
5 terms of gross receipts or in other terms, and in the determination of
6 which the deductions allowed would not constitute an income tax or
7 value added tax; and

8 (ii) Not separately stated from the sales price under law or
9 custom.

10 (e) "Oil" means crude petroleum oil and other hydrocarbons,
11 regardless of API gravity, which are produced in liquid form, including
12 the liquid hydrocarbons sometimes known as distillate or condensate,
13 which are recovered by separation from gas other than at a gas
14 processing plant.

15 (f) "Petroleum business" means a person engaged in any of the
16 following activities: Exploration, production, refining,
17 manufacturing, processing, transportation, and marketing of oil and gas
18 or any petroleum product.

19 (g) "Petroleum business tax" means a tax imposed under this
20 section, or a similar gross receipts tax paid to another state, but
21 does not include any other tax imposed under this chapter or any tax
22 claimed as a credit under RCW 82.04.440.

23 (h) "Petroleum product" means any commodity, product, or feedstock
24 derived from oil or gas, including petrochemicals.

25 (i) "Petroleum refining" means refining crude petroleum into
26 refined petroleum by fractionation, straight distillation of crude oil,
27 cracking, or similar methods.

28 (j) "Previously taxed petroleum product" means a petroleum product
29 for which a petroleum business tax has been previously paid by the
30 taxpayer or another person with respect to manufacturing or selling the
31 product. "Previously taxed petroleum product" does not include a
32 product that has been modified or blended so as to constitute a
33 materially different or new product since the tax was previously paid.

34 (2) Upon every person engaging within this state in the business of
35 manufacturing petroleum products, an additional tax is imposed with
36 respect to such business equal to the value of the product
37 manufactured, or in the case of processors for hire, equal to the gross
38 income of the business, multiplied by the rate of three percent.

1 (3) Upon every person engaging within this state in the business of
2 making sales, at retail or wholesale, an additional tax is imposed with
3 respect to such business equal to the gross proceeds of sales of the
4 petroleum products multiplied by the rate of three percent.

5 (4) The taxes imposed under this section are in addition to all
6 other taxes imposed under this chapter or other law.

7 (5) The taxes imposed under this section do not apply to a business
8 during a taxable year, if neither the business nor any affiliated
9 business operated a petroleum refinery or refineries with a combined
10 total operable atmospheric crude oil distillation capacity in excess of
11 ten thousand barrels per calendar year, within or outside this state,
12 within the five preceding taxable years.

13 (6) The taxes imposed under this section do not apply to a
14 previously taxed petroleum product.

15 NEW SECTION. **Sec. 2.** (1) This act takes effect on the first day
16 of the first calendar month that is both more than ninety days later
17 than any date of a high gasoline price and later than September 30,
18 2007.

19 (2) The definitions in this subsection apply to this section.

20 (a) "Date of a high gasoline price" means any date upon which the
21 gasoline price exceeds one dollar and seventy-five cents per gallon.

22 (b) "Gasoline price" means the weekly retail price for gasoline,
23 all grades, for the west coast less California, as published by the
24 federal energy information administration or its successor agency.

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