

**FINAL BILL REPORT**

**ESB 5411**

**C 54 L 93**

**SYNOPSIS AS ENACTED**

**Brief Description:** Modifying provisions regarding fuel taxes.

**SPONSORS:** Senators Vognild, Prince, Prentice, Drew, Sheldon and Sellar; by request of Department of Licensing

**SENATE COMMITTEE ON TRANSPORTATION**

**HOUSE COMMITTEE ON TRANSPORTATION**

**BACKGROUND:**

Motor fuel purchased for use outside the state is exempt from the motor fuel tax. Some users who purchase fuel under this exemption are not registered as distributors and are not subject to the same reporting requirements as distributors.

Distributors who fail to submit a report on gallons of motor fuel distributed in any month are required to pay fuel taxes based on a Department of Licensing (DOL) estimate of gallons sold. In addition, a 10 percent penalty is assessed. In other cases, a penalty of 2 percent is assessed for late payment of taxes due.

The Motor Fuel Importer Use Act of 1963 allows the state to assess a use tax on fuel purchased out of state that is used in-state. The definition of commercial vehicles in this act is not consistent with the definition found in several other statutes, including those addressing the special fuel tax, proportional registration, and the International Fuel Tax Agreement.

All purchases of special fuel pumped directly into the fuel supply tank of a vehicle are subject to the special fuel tax at the time of purchase, except at unattended cardrol or keylock metered pumps. The DOL feels that the ambiguity of the language regarding keylock pumps allows some special fuel users to use exempt special fuel for nonexempt purposes and causes confusion on the part of dealers.

Periodically, the DOL, in coordination with the Parks and Recreation Commission, estimates the amount of fuel used by snowmobiles for purposes of determining the amount of fuel tax to be deposited into the snowmobile account. In 1990, the frequency of the evaluation was changed from once every four years to once every two years.

**SUMMARY:**

The definition of motor fuel distributor is changed to include any person who purchases motor fuel exempted as a fuel for export and exports it via commercial motor vehicle (i.e., truck).

For cases in which the DOL has not received a monthly gallonage report of fuel sold by distributors and charges for taxes due based on a department estimate, the penalty assessed is changed from 10 percent to up to 10 percent of the taxes due.

The definition of commercial vehicles used for purposes of assessing tax on imported fuel is changed to conform with the definition in other statutes.

Farmers, logging companies, and construction companies may receive special authorization from DOL that excuses them from paying the special fuel tax at the time of purchase for fuel pumped directly into a vehicle fuel tank and used off-highway. Language pertaining specifically to fuel pumped at unattended keylock or cardtrol pumps is deleted.

The Department of Licensing estimate of snowmobile fuel use must be executed once every four years.

References to "director" are changed to "department" in certain statutes pertaining to motor fuel distributors.

**VOTES ON FINAL PASSAGE:**

Senate	49	0
House	97	0

**EFFECTIVE:** July 25, 1993