

**SENATE BILL REPORT**

**ESB 5411**

**AS PASSED SENATE, MARCH 17, 1993**

**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**

**Majority Report:** Do pass as amended.

Signed by Senators Vognild, Chairman; Loveland, Vice Chairman; Skratek, Vice Chairman; Barr, Drew, Haugen, Nelson, Oke, Prentice, Prince, M. Rasmussen, Sellar, Sheldon, von Reichbauer, and Winsley.

**Staff:** Roger Horn (786-7839)

**Hearing Dates:** February 9, 1993; February 10, 1993

**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 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.

RCW 82.38.090 provides that all purchases of special fuel pumped directly into the fuel supply tank of a vehicle are subject to the special fuel tax, except at unattended 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 unexempt purposes and causes confusion on the part of dealers.

Periodically, the DOL, in coordination with the Parks and Recreation Department, 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.

Special authorization from DOL is required for claiming a fuel tax exemption when fuel is pumped directly into vehicles that will be used off-highway. Farmers, logging companies, and construction companies are eligible for this authorization. The language specifying that exempt fuel may be pumped into vehicles from unattended keylock metered pumps is deleted.

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

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

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested

**TESTIMONY FOR:**

The bill improves fuel tax statutes by closing loopholes, changing ambiguous or inconsistent language, and making other modifications identified by the Department of Licensing.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Merle Steffenson, Department of Licensing