

FINAL BILL REPORT

SHB 2917

C 115 L 98

Synopsis as Enacted

Brief Description: Regulating fuel tax and international registration plan payments.

Sponsors: By House Committee on Transportation Policy & Budget (originally sponsored by Representatives K. Schmidt and Fisher; by request of Department of Licensing).

House Committee on Transportation Policy & Budget
Senate Committee on Transportation

Background: Purchasers of gasoline and special fuels (diesel and fuels other than gasoline) may receive a refund from the Department of Licensing (DOL) for fuel bought in Washington and used for nonhighway purposes, exported, or used out of state. For gasoline refunds, the claim form must be accompanied by the original invoice which represents proof of payment of the tax. If the original invoice is lost or destroyed, the person claiming the refund must submit a copy of the invoice that is certified by the vendor. For users of special fuels, the refund claim form may be accompanied by a copy of the invoice, rather than the original. This streamlines the process and allows the individual to keep the originals for audit purposes.

The Motor Vehicle Fuel Tax Act (MVFTA), a voluntary reporting program, was repealed in 1995. However, the act is still referenced in the DOL's proportional registration and motor vehicle fuel distributor statutes. The MVFTA became an obsolete agreement when it was replaced by the reporting and recordkeeping requirements of the International Fuel Tax Agreement.

The DOL may refuse to issue a special fuel dealer license or special fuel user license to an applicant with an outstanding debt due to unpaid state gas/diesel taxes or proportional registration license fees. A special fuel dealer is a wholesaler of fuels other than gasoline (diesel, propane, natural gas, aircraft fuel, etc.). Unpaid aircraft fuel taxes are not included as grounds for denial of a special fuel dealer's license.

Leaded racing fuel is a specialized fuel used in nonhighway sporting events that retails for approximately \$4.50 per gallon. Federal law prohibits the use of this fuel on the public highways because of environmental concerns. The fuel is subject to the motor vehicle fuel tax. An applicant may apply to the DOL for a refund for fuel used for nonhighway purposes. If the refund is granted, the sales and use tax is imposed and the proceeds are deposited in the state general fund. It is estimated that about 100,000 gallons of leaded racing fuel are sold per year.

In 1997, the Legislature created the advanced environmental mitigation revolving account (AEMRA). The AEMRA allows the Department of Transportation to fund environmental mitigation before a project is funded. Once the project is funded, it pays back the revolving account, resulting in a time and cost savings.

Summary: The DOL's refund reporting procedure for gasoline purchased and used for non-taxable purposes is made the same as the refund reporting procedure for diesel users. A copy of the invoice, rather than the originals, may accompany the refund claim form.

Obsolete language referencing the MVFTA in the DOL's proportional registration and motor fuel distributor statutes is removed.

The DOL may refuse to issue a special fuel dealer or user license to an applicant with an outstanding state aircraft fuel tax debt.

Leaded racing fuel is exempt from the motor vehicle fuel tax. Revenue collections from sales and use taxes on leaded racing fuel are deposited in the advanced environmental mitigation revolving account.

Votes on Final Passage:

House 96 0

Senate 46 0

Effective: June 11, 1998