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HOUSE BILL 1015

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State of Washington

55th Legislature

1997 Regular Session

By Representatives Chandler, Cairnes, Hatfield, Skinner, Hankins, Mitchell, McMorris, Koster, Boldt and Mielke

Read first time 01/13/97. Referred to Committee on Transportation Policy & Budget.

1 AN ACT Relating to paying for services provided to general aviation  
2 by exempting fuels used for aviation from sales and use taxation and  
3 increasing the aircraft fuel tax rate from three to six percent;  
4 amending RCW 82.42.025, 82.42.090, and 43.84.092; reenacting and  
5 amending RCW 82.08.0255 and 82.12.0256; creating a new section;  
6 providing an effective date; and declaring an emergency.

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

8 NEW SECTION. **Sec. 1.** The legislature finds that: There is a  
9 state tax on fuel that goes to the general fund unlike any other fuel  
10 tax; there is already an aviation fuel tax dedicated to paying for  
11 services provided to general aviation by the state department of  
12 transportation; and only a small segment of aviation pays into either  
13 tax. The legislature intends that it is the policy of the state that  
14 taxes on fuel including aviation fuel be user fees dedicated to paying  
15 for services provided to the user and aviation fuel taxes be dedicated  
16 to paying for services provided to general aviation.

17 **Sec. 2.** RCW 82.08.0255 and 1983 1st ex.s. c 35 s 2 and 1983 c 108  
18 s 1 are each reenacted and amended to read as follows:

1 (1) The tax levied by RCW 82.08.020 shall not apply to sales of:

2 (a) Motor vehicle fuel used in aircraft by the manufacturer thereof  
3 for research, development, and testing purposes; and

4 (b) Motor vehicle and special fuel if:

5 (i) The fuel is purchased for the purpose of public transportation  
6 and the purchaser is entitled to a refund or an exemption under RCW  
7 82.36.275 or 82.38.080(9); or

8 (ii) The fuel is purchased by a private, nonprofit transportation  
9 provider certified under chapter 81.66 RCW and the purchaser is  
10 entitled to a refund or an exemption under RCW 82.36.285 or  
11 82.38.080(8); or

12 (iii) The fuel is taxable under chapter 82.36 (~~(or)~~), 82.38, or  
13 82.42 RCW.

14 (2) Any person who has paid the tax imposed by RCW 82.08.020 on the  
15 sale of special fuel delivered in this state shall be entitled to a  
16 credit or refund of such tax with respect to fuel subsequently  
17 established to have been actually transported and used outside this  
18 state by persons engaged in interstate commerce. The tax shall be  
19 claimed as a credit or refunded through the tax reports required under  
20 RCW 82.38.150.

21 **Sec. 3.** RCW 82.12.0256 and 1983 1st ex.s. c 35 s 3 and 1983 c 108  
22 s 2 are each reenacted and amended to read as follows:

23 The provisions of this chapter shall not apply in respect to the  
24 use of:

25 (1) Motor vehicle fuel used in aircraft by the manufacturer thereof  
26 for research, development, and testing purposes; and

27 (2) Special fuel purchased in this state upon which a refund is  
28 obtained as provided in RCW 82.38.180(2); and

29 (3) Motor vehicle and special fuel if:

30 (a) The fuel is used for the purpose of public transportation and  
31 the purchaser is entitled to a refund or an exemption under RCW  
32 82.36.275 or 82.38.080(9); or

33 (b) The fuel is purchased by a private, nonprofit transportation  
34 provider certified under chapter 81.66 RCW and the purchaser is  
35 entitled to a refund or an exemption under RCW 82.36.285 or  
36 82.38.080(8); or

37 (c) The fuel is taxable under chapter 82.36 (~~(or)~~), 82.38, or 82.42  
38 RCW: PROVIDED, That the use of motor vehicle and special fuel upon

1 which a refund of the applicable fuel tax is obtained shall not be  
2 exempt under this subsection (3)(c), and the director of licensing  
3 shall deduct from the amount of such tax to be refunded the amount of  
4 tax due under this chapter and remit the same each month to the  
5 department of revenue.

6 **Sec. 4.** RCW 82.42.025 and 1983 c 49 s 2 are each amended to read  
7 as follows:

8 (1) During the fifth month of each fiscal half-year ending June  
9 30th and December 31st of each year, the department of licensing shall  
10 compute an aircraft fuel tax rate to the nearest one-half cent per  
11 gallon of aircraft fuel by: Multiplying three percent times the  
12 weighted average retail sales price of aircraft fuel, per gallon, sold  
13 within the state in the third month of the fiscal half-year; and  
14 multiplying an additional three percent times the weighted average  
15 retail sales price of aircraft fuel, per gallon, sold within the state  
16 in the third month of the fiscal half-year, but only if the fuel is  
17 exempt from taxation under RCW 82.08.0255 and 82.12.0256. The  
18 department shall determine the weighted average retail sales price of  
19 aircraft fuel by state-wide sampling and survey techniques designed to  
20 reflect these prices for the third month of the fiscal half-year. The  
21 department shall establish reasonable guidelines for its sampling and  
22 survey methods.

23 (2) The excise tax rate computed under subsection (1) of this  
24 section or five cents per gallon, whichever is greater, shall apply to  
25 the sale, distribution, or use of aircraft fuel beginning the fiscal  
26 half-year following computation of the rate and shall remain in effect  
27 for each succeeding fiscal half-year until a subsequent computation  
28 requires a change in the rate. For the period May 1, 1983, through  
29 June 30, 1983, the aircraft fuel tax shall be five cents per gallon.

30 (3) One-half of the moneys collected under this section shall be  
31 used for general aviation airport development and maintenance.

32 **Sec. 5.** RCW 82.42.090 and 1995 c 170 s 1 are each amended to read  
33 as follows:

34 All moneys collected by the director from the aircraft fuel excise  
35 tax as provided in RCW 82.42.020 shall be transmitted to the state  
36 treasurer and shall be used as follows:

1       (1) One-half of the moneys shall be credited to the aeronautics  
2 account hereby created in the transportation fund of the state  
3 treasury; and

4       (2) One-half of the moneys shall be credited to the airport  
5 development account hereby created in the transportation fund of the  
6 state treasury and shall be used for general aviation airport  
7 development and maintenance.

8       Moneys collected from the consumer or user of aircraft fuel from  
9 either the use tax imposed by RCW 82.12.020 or the retail sales tax  
10 imposed by RCW 82.08.020 shall be transmitted to the state treasurer  
11 and credited to the state general fund.

12       **Sec. 6.** RCW 43.84.092 and 1996 c 262 s 4 are each amended to read  
13 as follows:

14       (1) All earnings of investments of surplus balances in the state  
15 treasury shall be deposited to the treasury income account, which  
16 account is hereby established in the state treasury.

17       (2) The treasury income account shall be utilized to pay or receive  
18 funds associated with federal programs as required by the federal cash  
19 management improvement act of 1990. The treasury income account is  
20 subject in all respects to chapter 43.88 RCW, but no appropriation is  
21 required for refunds or allocations of interest earnings required by  
22 the cash management improvement act. Refunds of interest to the  
23 federal treasury required under the cash management improvement act  
24 fall under RCW 43.88.180 and shall not require appropriation. The  
25 office of financial management shall determine the amounts due to or  
26 from the federal government pursuant to the cash management improvement  
27 act. The office of financial management may direct transfers of funds  
28 between accounts as deemed necessary to implement the provisions of the  
29 cash management improvement act, and this subsection. Refunds or  
30 allocations shall occur prior to the distributions of earnings set  
31 forth in subsection (4) of this section.

32       (3) Except for the provisions of RCW 43.84.160, the treasury income  
33 account may be utilized for the payment of purchased banking services  
34 on behalf of treasury funds including, but not limited to, depository,  
35 safekeeping, and disbursement functions for the state treasury and  
36 affected state agencies. The treasury income account is subject in all  
37 respects to chapter 43.88 RCW, but no appropriation is required for

1 payments to financial institutions. Payments shall occur prior to  
2 distribution of earnings set forth in subsection (4) of this section.

3 (4) Monthly, the state treasurer shall distribute the earnings  
4 credited to the treasury income account. The state treasurer shall  
5 credit the general fund with all the earnings credited to the treasury  
6 income account except:

7 (a) The following accounts and funds shall receive their  
8 proportionate share of earnings based upon each account's and fund's  
9 average daily balance for the period: The capitol building  
10 construction account, the Cedar River channel construction and  
11 operation account, the Central Washington University capital projects  
12 account, the charitable, educational, penal and reformatory  
13 institutions account, the common school construction fund, the county  
14 criminal justice assistance account, the county sales and use tax  
15 equalization account, the data processing building construction  
16 account, the deferred compensation administrative account, the deferred  
17 compensation principal account, the department of retirement systems  
18 expense account, the Eastern Washington University capital projects  
19 account, the education construction fund, the emergency reserve fund,  
20 the federal forest revolving account, the health services account, the  
21 public health services account, the health system capacity account, the  
22 personal health services account, the highway infrastructure account,  
23 the industrial insurance premium refund account, the judges' retirement  
24 account, the judicial retirement administrative account, the judicial  
25 retirement principal account, the local leasehold excise tax account,  
26 the local real estate excise tax account, the local sales and use tax  
27 account, the medical aid account, the mobile home park relocation fund,  
28 the municipal criminal justice assistance account, the municipal sales  
29 and use tax equalization account, the natural resources deposit  
30 account, the perpetual surveillance and maintenance account, the public  
31 employees' retirement system plan I account, the public employees'  
32 retirement system plan II account, the Puyallup tribal settlement  
33 account, the resource management cost account, the site closure  
34 account, the special wildlife account, the state employees' insurance  
35 account, the state employees' insurance reserve account, the state  
36 investment board expense account, the state investment board commingled  
37 trust fund accounts, the supplemental pension account, the teachers'  
38 retirement system plan I account, the teachers' retirement system plan  
39 II account, the transportation infrastructure account, the tuition

1 recovery trust fund, the University of Washington bond retirement fund,  
2 the University of Washington building account, the volunteer fire  
3 fighters' relief and pension principal account, the volunteer fire  
4 fighters' relief and pension administrative account, the Washington  
5 judicial retirement system account, the Washington law enforcement  
6 officers' and fire fighters' system plan I retirement account, the  
7 Washington law enforcement officers' and fire fighters' system plan II  
8 retirement account, the Washington state patrol retirement account, the  
9 Washington State University building account, the Washington State  
10 University bond retirement fund, the water pollution control revolving  
11 fund, and the Western Washington University capital projects account.  
12 Earnings derived from investing balances of the agricultural permanent  
13 fund, the normal school permanent fund, the permanent common school  
14 fund, the scientific permanent fund, and the state university permanent  
15 fund shall be allocated to their respective beneficiary accounts. All  
16 earnings to be distributed under this subsection (4)(a) shall first be  
17 reduced by the allocation to the state treasurer's service fund  
18 pursuant to RCW 43.08.190.

19 (b) The following accounts and funds shall receive eighty percent  
20 of their proportionate share of earnings based upon each account's or  
21 fund's average daily balance for the period: The aeronautics account,  
22 the aircraft search and rescue account, the airport development  
23 account, the central Puget Sound public transportation account, the  
24 city hardship assistance account, the county arterial preservation  
25 account, the department of licensing services account, the economic  
26 development account, the essential rail assistance account, the  
27 essential rail banking account, the ferry bond retirement fund, the  
28 gasohol exemption holding account, the grade crossing protective fund,  
29 the high capacity transportation account, the highway bond retirement  
30 fund, the highway construction stabilization account, the highway  
31 safety account, the marine operating fund, the motor vehicle fund, the  
32 motorcycle safety education account, the pilotage account, the public  
33 transportation systems account, the Puget Sound capital construction  
34 account, the Puget Sound ferry operations account, the recreational  
35 vehicle account, the rural arterial trust account, the safety and  
36 education account, the small city account, the special category C  
37 account, the state patrol highway account, the transfer relief account,  
38 the transportation capital facilities account, the transportation  
39 equipment fund, the transportation fund, the transportation improvement

1 account, the transportation revolving loan account, and the urban  
2 arterial trust account.

3 (5) In conformance with Article II, section 37 of the state  
4 Constitution, no treasury accounts or funds shall be allocated earnings  
5 without the specific affirmative directive of this section.

6 NEW SECTION. **Sec. 7.** This act is necessary for the immediate  
7 preservation of the public peace, health, or safety, or support of the  
8 state government and its existing public institutions, and takes effect  
9 July 1, 1997.

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