
SENATE BILL 6226

State of Washington

55th Legislature

1998 Regular Session

By Senators Haugen, Morton, Winsley, Goings, Prince, Rasmussen,
Prentice and Wood

Read first time . Referred to Committee on .

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; and
6 providing an effective date.

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

8 NEW SECTION. **Sec. 1.** The legislature finds that there is a state
9 tax on fuel that goes to the general fund unlike any other fuel tax;
10 there is already an aviation fuel tax dedicated to paying for services
11 provided to general aviation by the state department of transportation;
12 and only a small segment of aviation pays into either tax. The
13 legislature intends that it is the policy of the state that taxes on
14 fuel, including aviation fuel, be user fees dedicated to paying for
15 services provided to the user and aviation fuel taxes be dedicated to
16 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~~) six 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. The
14 department shall determine the weighted average retail sales price of
15 aircraft fuel by state-wide sampling and survey techniques designed to
16 reflect these prices for the third month of the fiscal half-year. The
17 department shall establish reasonable guidelines for its sampling and
18 survey methods.

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

26 (3) One-half of the moneys collected under this section must be
27 used for general aviation airport development and maintenance.

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

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

33 (1) One-half of the moneys will be credited to the aeronautics
34 account hereby created in the transportation fund of the state
35 treasury; and

36 (2) One-half of the moneys will be credited to the airport
37 development account hereby created in the transportation fund of the

1 state treasury and must be used for general aviation airport
2 development and maintenance. Moneys collected from the consumer or
3 user of aircraft fuel from either the use tax imposed by RCW 82.12.020
4 or the retail sales tax imposed by RCW 82.08.020 shall be transmitted
5 to the state treasurer and credited to the state general fund.

6 **Sec. 6.** RCW 43.84.092 and 1997 c 218 s 5 are each amended to read
7 as follows:

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

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

26 (3) Except for the provisions of RCW 43.84.160, the treasury income
27 account may be utilized for the payment of purchased banking services
28 on behalf of treasury funds including, but not limited to, depository,
29 safekeeping, and disbursement functions for the state treasury and
30 affected state agencies. The treasury income account is subject in all
31 respects to chapter 43.88 RCW, but no appropriation is required for
32 payments to financial institutions. Payments shall occur prior to
33 distribution of earnings set forth in subsection (4) of this section.

34 (4) Monthly, the state treasurer shall distribute the earnings
35 credited to the treasury income account. The state treasurer shall
36 credit the general fund with all the earnings credited to the treasury
37 income account except:

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

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

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

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

1 NEW SECTION. **Sec. 7.** This act takes effect July 1, 1998.

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