
Transportation Committee

HB 1477

Brief Description: Strengthening laws against fuel tax evasion.

Sponsors: Representatives Cooper, Hankins and Anderson.

Brief Summary of Bill

- Allows the Washington State Patrol to seize any untaxed fuel imported into the state along with the conveyances that the fuel is shipped in.
- Repeals the statutes allowing for the selling of untaxed clear diesel via card locks.
- Penalty for the single event of using dyed diesel for a taxable purpose is reduced from a felony to a misdemeanor.

Hearing Date: 2/11/03

Staff: Jerry Long (786-7306).

Background:

Under current law, unlicensed importers of motor vehicle fuel are subject to a civil penalty of 100 percent of the fuel tax due, plus interest. In addition to the penalties, unlicensed importers and manufacturers of motor vehicle fuel and special fuel may be subject to a criminal penalty of a class C felony.

Card lock facilities are authorized to sell tax free diesel to farmers, logging companies and construction companies licensed by the Department of Licensing to purchase clear, tax free diesel fuel for non-highway equipment or for non-highway use. The fuel may be purchased by inserting a card into the pump which identifies the purchase as being exempt from the fuel tax. Fraud may occur when a person purchases this untaxed fuel and uses it for taxable purpose. Currently, the State has a dyed diesel program in place where persons may purchase dyed diesel for tax exempt purposes, and which may be detected by law enforcement should it be used for taxable purposes.

Dyed diesel can be purchased by anyone for use in non-highway equipment unless otherwise exempted by law. Currently, dyed diesel infractions are punishable as a felony in this state.

Summary of Bill:

The Washington State Patrol may seize any fuel imported into the state or manufactured in the state by a person that is not licensed and seize any conveyances in which the fuel is transported. The Washington State Patrol and/or the Department of Licensing may enter into contracts for the transportation, handling, storage and sale of fuel seized and may deduct expenses from the proceeds. Seized conveyances are sold at public auction. Proceeds from the sales are deposited into the Motor Vehicle Account.

The statute allowing for the sale of untaxed clear diesel at card lock facilities to farmers, logging companies and construction companies is repealed.

The penalty for a single event of using dyed diesel for a taxable purpose is reduced from a felony to a gross misdemeanor. Multiple dyed diesel infractions remain a felony.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect ninety days after adjournment of session in which bill is passed.