

SENATE BILL 6061

State of Washington

58th Legislature

2003 Regular Session

By Senators Horn, Haugen, Swecker, Spanel, Finkbeiner and Jacobsen

Read first time 04/02/2003. Referred to Committee on Highways & Transportation.

1 AN ACT Relating to transportation funding; amending RCW 46.16.070,
2 46.68.035, 82.08.020, 82.12.020, 82.12.045, 82.08.064, 82.38.030,
3 82.38.035, and 82.38.047; reenacting and amending RCW 82.36.025,
4 46.68.090, 46.68.110, and 43.84.092; adding a new section to chapter
5 46.68 RCW; creating a new section; providing an effective date; and
6 declaring an emergency.

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

8 PART I - LICENSE FEES

9 Sec. 101. RCW 46.16.070 and 1994 c 262 s 8 are each amended to
10 read as follows:

11 (1) In lieu of all other vehicle licensing fees, unless
12 specifically exempt, and in addition to (~~the excise tax prescribed in~~
13 ~~chapter 82.44 RCW and~~)) the mileage fees prescribed for buses and
14 stages in RCW 46.16.125, there shall be paid and collected annually for
15 each truck, motor truck, truck tractor, road tractor, tractor, motor
16 home, bus, auto stage, or for hire vehicle with seating capacity of
17 more than six, based upon the declared combined gross weight or

1 declared gross weight (~~thereof pursuant to the provisions of~~) under
2 chapter 46.44 RCW, the following licensing fees by such gross weight:

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DECLARED GROSS WEIGHT	SCHEDULE A	SCHEDULE B
4,000 lbs.	\$ 37.00	\$ 37.00
6,000 lbs.	\$ 44.00	\$ 44.00
8,000 lbs.	\$ 55.00	\$ 55.00
10,000 lbs.	\$ 62.00	\$ 62.00
(12,000 lbs.	\$ 72.00	\$ 72.00
14,000 lbs.	\$ 82.00	\$ 82.00
16,000 lbs.	\$ 92.00	\$ 92.00
18,000 lbs.	\$ 137.00	\$ 137.00
20,000 lbs.	\$ 152.00	\$ 152.00
22,000 lbs.	\$ 164.00	\$ 164.00
24,000 lbs.	\$ 177.00	\$ 177.00
26,000 lbs.	\$ 187.00	\$ 187.00
28,000 lbs.	\$ 220.00	\$ 220.00
30,000 lbs.	\$ 253.00	\$ 253.00
32,000 lbs.	\$ 304.00	\$ 304.00
34,000 lbs.	\$ 323.00	\$ 323.00
36,000 lbs.	\$ 350.00	\$ 350.00
38,000 lbs.	\$ 384.00	\$ 384.00
40,000 lbs.	\$ 439.00	\$ 439.00
42,000 lbs.	\$ 456.00	\$ 546.00
44,000 lbs.	\$ 466.00	\$ 556.00
46,000 lbs.	\$ 501.00	\$ 591.00
48,000 lbs.	\$ 522.00	\$ 612.00
50,000 lbs.	\$ 566.00	\$ 656.00
52,000 lbs.	\$ 595.00	\$ 685.00
54,000 lbs.	\$ 642.00	\$ 732.00
56,000 lbs.	\$ 677.00	\$ 767.00
58,000 lbs.	\$ 704.00	\$ 794.00
60,000 lbs.	\$ 750.00	\$ 840.00
62,000 lbs.	\$ 804.00	\$ 894.00
64,000 lbs.	\$ 822.00	\$ 912.00
66,000 lbs.	\$ 915.00	\$ 1,005.00
68,000 lbs.	\$ 954.00	\$ 1,044.00
70,000 lbs.	\$ 1,027.00	\$ 1,117.00
72,000 lbs.	\$ 1,098.00	\$ 1,188.00
74,000 lbs.	\$ 1,193.00	\$ 1,283.00
76,000 lbs.	\$ 1,289.00	\$ 1,379.00

1	78,000 lbs.	\$	1,407.00	\$	1,497.00
2	80,000 lbs.	\$	1,518.00	\$	1,608.00
3	82,000 lbs.	\$	1,623.00	\$	1,713.00
4	84,000 lbs.	\$	1,728.00	\$	1,818.00
5	86,000 lbs.	\$	1,833.00	\$	1,923.00
6	88,000 lbs.	\$	1,938.00	\$	2,028.00
7	90,000 lbs.	\$	2,043.00	\$	2,133.00
8	92,000 lbs.	\$	2,148.00	\$	2,238.00
9	94,000 lbs.	\$	2,253.00	\$	2,343.00
10	96,000 lbs.	\$	2,358.00	\$	2,448.00
11	98,000 lbs.	\$	2,463.00	\$	2,553.00
12	100,000 lbs.	\$	2,568.00	\$	2,658.00
13	102,000 lbs.	\$	2,673.00	\$	2,763.00
14	104,000 lbs.	\$	2,778.00	\$	2,868.00
15	105,500 lbs.	\$	2,883.00	\$	2,973.00))
16	<u>12,000 lbs.</u>	\$	<u>79.00</u>	\$	<u>79.00</u>
17	<u>14,000 lbs.</u>	\$	<u>90.00</u>	\$	<u>90.00</u>
18	<u>16,000 lbs.</u>	\$	<u>102.00</u>	\$	<u>102.00</u>
19	<u>18,000 lbs.</u>	\$	<u>154.00</u>	\$	<u>154.00</u>
20	<u>20,000 lbs.</u>	\$	<u>171.00</u>	\$	<u>171.00</u>
21	<u>22,000 lbs.</u>	\$	<u>185.00</u>	\$	<u>185.00</u>
22	<u>24,000 lbs.</u>	\$	<u>200.00</u>	\$	<u>200.00</u>
23	<u>26,000 lbs.</u>	\$	<u>211.00</u>	\$	<u>211.00</u>
24	<u>28,000 lbs.</u>	\$	<u>249.00</u>	\$	<u>249.00</u>
25	<u>30,000 lbs.</u>	\$	<u>287.00</u>	\$	<u>287.00</u>
26	<u>32,000 lbs.</u>	\$	<u>346.00</u>	\$	<u>346.00</u>
27	<u>34,000 lbs.</u>	\$	<u>368.00</u>	\$	<u>368.00</u>
28	<u>36,000 lbs.</u>	\$	<u>399.00</u>	\$	<u>399.00</u>
29	<u>38,000 lbs.</u>	\$	<u>438.00</u>	\$	<u>438.00</u>
30	<u>40,000 lbs.</u>	\$	<u>501.00</u>	\$	<u>501.00</u>
31	<u>42,000 lbs.</u>	\$	<u>521.00</u>	\$	<u>611.00</u>
32	<u>44,000 lbs.</u>	\$	<u>532.00</u>	\$	<u>622.00</u>
33	<u>46,000 lbs.</u>	\$	<u>572.00</u>	\$	<u>662.00</u>
34	<u>48,000 lbs.</u>	\$	<u>596.00</u>	\$	<u>686.00</u>
35	<u>50,000 lbs.</u>	\$	<u>647.00</u>	\$	<u>737.00</u>
36	<u>52,000 lbs.</u>	\$	<u>680.00</u>	\$	<u>770.00</u>
37	<u>54,000 lbs.</u>	\$	<u>734.00</u>	\$	<u>824.00</u>
38	<u>56,000 lbs.</u>	\$	<u>775.00</u>	\$	<u>865.00</u>
39	<u>58,000 lbs.</u>	\$	<u>806.00</u>	\$	<u>896.00</u>
40	<u>60,000 lbs.</u>	\$	<u>859.00</u>	\$	<u>949.00</u>
41	<u>62,000 lbs.</u>	\$	<u>921.00</u>	\$	<u>1,011.00</u>
42	<u>64,000 lbs.</u>	\$	<u>941.00</u>	\$	<u>1,031.00</u>
43	<u>66,000 lbs.</u>	\$	<u>1,048.00</u>	\$	<u>1,138.00</u>
44	<u>68,000 lbs.</u>	\$	<u>1,093.00</u>	\$	<u>1,183.00</u>

1	70,000 lbs.	\$	1,177.00	\$	1,267.00
2	72,000 lbs.	\$	1,259.00	\$	1,349.00
3	74,000 lbs.	\$	1,368.00	\$	1,458.00
4	76,000 lbs.	\$	1,478.00	\$	1,568.00
5	78,000 lbs.	\$	1,614.00	\$	1,704.00
6	80,000 lbs.	\$	1,742.00	\$	1,832.00
7	82,000 lbs.	\$	1,863.00	\$	1,953.00
8	84,000 lbs.	\$	1,983.00	\$	2,073.00
9	86,000 lbs.	\$	2,104.00	\$	2,194.00
10	88,000 lbs.	\$	2,225.00	\$	2,315.00
11	90,000 lbs.	\$	2,346.00	\$	2,436.00
12	92,000 lbs.	\$	2,466.00	\$	2,556.00
13	94,000 lbs.	\$	2,587.00	\$	2,677.00
14	96,000 lbs.	\$	2,708.00	\$	2,798.00
15	98,000 lbs.	\$	2,829.00	\$	2,919.00
16	100,000 lbs.	\$	2,949.00	\$	3,039.00
17	102,000 lbs.	\$	3,070.00	\$	3,160.00
18	104,000 lbs.	\$	3,191.00	\$	3,281.00
19	105,500 lbs.	\$	3,312.00	\$	3,402.00

20 Schedule A applies to vehicles either used exclusively for hauling
21 logs or that do not tow trailers. Schedule B applies to vehicles that
22 tow trailers and are not covered under Schedule A.

23 Every truck, motor truck, truck tractor, and tractor exceeding
24 6,000 pounds empty scale weight registered under chapter 46.16, 46.87,
25 or 46.88 RCW shall be licensed for not less than one hundred fifty
26 percent of its empty weight unless the amount would be in excess of the
27 legal limits prescribed for such a vehicle in RCW 46.44.041 or
28 46.44.042, in which event the vehicle shall be licensed for the maximum
29 weight authorized for such a vehicle or unless the vehicle is used only
30 for the purpose of transporting any well drilling machine, air
31 compressor, rock crusher, conveyor, hoist, donkey engine, cook house,
32 tool house, bunk house, or similar machine or structure attached to or
33 made a part of such vehicle.

34 The following provisions apply when increasing gross or combined
35 gross weight for a vehicle licensed under this section:

36 (a) The new license fee will be one-twelfth of the fee listed above
37 for the new gross weight, multiplied by the number of months remaining
38 in the period for which licensing fees have been paid, including the
39 month in which the new gross weight is effective.

40 (b) Upon surrender of the current certificate of registration or

1 cab card, the new licensing fees due shall be reduced by the amount of
2 the licensing fees previously paid for the same period for which new
3 fees are being charged.

4 (2) The proceeds from the fees collected under subsection (1) of
5 this section shall be distributed in accordance with RCW 46.68.035.

6 **Sec. 102.** RCW 46.68.035 and 2000 2nd sp.s. c 4 s 8 are each
7 amended to read as follows:

8 All proceeds from combined vehicle licensing fees received by the
9 director for vehicles licensed under RCW 46.16.070 and 46.16.085 shall
10 be forwarded to the state treasurer to be distributed into accounts
11 according to the following method:

12 (1) The sum of two dollars for each vehicle shall be deposited into
13 the multimodal transportation account, except that for each vehicle
14 registered by a county auditor or agent to a county auditor pursuant to
15 RCW 46.01.140, the sum of two dollars shall be credited to the current
16 county expense fund.

17 (2) The remainder shall be distributed as follows:

18 (a) (~~((23.677))~~) 21.434 percent shall be deposited into the state
19 patrol highway account of the motor vehicle fund;

20 (b) (~~((1.521))~~) 1.368 percent shall be deposited into the Puget Sound
21 ferry operations account of the motor vehicle fund; (~~and~~)

22 (c) 11.771 percent shall be deposited into the transportation 2003
23 account; and

24 (d) The remaining proceeds shall be deposited into the motor
25 vehicle fund.

26 **PART II - SALES AND USE TAX**

27 **Sec. 201.** RCW 82.08.020 and 2000 2nd sp.s. c 4 s 1 are each
28 amended to read as follows:

29 (1) There is levied and there shall be collected a tax on each
30 retail sale in this state equal to six and five-tenths percent of the
31 selling price.

32 (2) There is levied and there shall be collected an additional tax
33 on each retail car rental, regardless of whether the vehicle is
34 licensed in this state, equal to five and nine-tenths percent of the

1 selling price. The revenue collected under this subsection shall be
2 deposited in the multimodal transportation account created in RCW
3 47.66.070.

4 (3) Beginning July 1, 2003, there is levied and collected an
5 additional tax of three-tenths of one percent of the selling price on
6 each retail sale of a motor vehicle in this state, other than retail
7 car rentals taxed under subsection (2) of this section. The revenue
8 collected under this subsection shall be deposited in the multimodal
9 transportation account created in RCW 47.66.070.

10 (4) For purposes of subsection (3) of this section, "motor vehicle"
11 has the meaning provided in RCW 46.04.320, but does not include farm
12 tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181,
13 off-road and nonhighway vehicles as defined in RCW 46.09.020, and
14 snowmobiles as defined in RCW 46.10.010.

15 (5) The taxes imposed under this chapter shall apply to successive
16 retail sales of the same property.

17 ~~((+4))~~ (6) The rates provided in this section apply to taxes
18 imposed under chapter 82.12 RCW as provided in RCW 82.12.020.

19 **Sec. 202.** RCW 82.12.020 and 2003 c 5 (EHB 1977) s 2 are each
20 amended to read as follows:

21 (1) There is hereby levied and there shall be collected from every
22 person in this state a tax or excise for the privilege of using within
23 this state as a consumer: (a) Any article of tangible personal
24 property purchased at retail, or acquired by lease, gift, repossession,
25 or bailment, or extracted or produced or manufactured by the person so
26 using the same, or otherwise furnished to a person engaged in any
27 business taxable under RCW 82.04.280 (2) or (7); or (b) any canned
28 software, regardless of the method of delivery, but excluding canned
29 software that is either provided free of charge or is provided for
30 temporary use in viewing information, or both.

31 (2) This tax shall apply to the use of every service defined as a
32 retail sale in RCW 82.04.050 (2)(a) or (3)(a) and the use of every
33 article of tangible personal property, including property acquired at
34 a casual or isolated sale, and including byproducts used by the
35 manufacturer thereof, except as hereinafter provided, irrespective of
36 whether the article or similar articles are manufactured or are
37 available for purchase within this state.

1 (3) The provisions of this chapter do not apply in respect to the
2 use of any article of tangible personal property or service taxable
3 under RCW 82.04.050(2)(a) or (3)(a) purchased at retail or acquired by
4 lease, gift, or bailment if the sale to, or the use by, the present
5 user or his bailor or donor has already been subjected to the tax under
6 chapter 82.08 RCW or this chapter and the tax has been paid by the
7 present user or by his bailor or donor.

8 (4) Except as provided in this section, payment by one purchaser or
9 user of tangible personal property or service of the tax imposed by
10 chapter 82.08 or 82.12 RCW shall not have the effect of exempting any
11 other purchaser or user of the same property or service from the taxes
12 imposed by such chapters. If the sale to, or the use by, the present
13 user or his or her bailor or donor has already been subjected to the
14 tax under chapter 82.08 RCW or this chapter and the tax has been paid
15 by the present user or by his or her bailor or donor; or in respect to
16 the use of property acquired by bailment and the tax has once been paid
17 based on reasonable rental as determined by RCW 82.12.060 measured by
18 the value of the article at time of first use multiplied by the tax
19 rate imposed by chapter 82.08 RCW or this chapter as of the time of
20 first use; or in respect to the use of any article of tangible personal
21 property acquired by bailment, if the property was acquired by a
22 previous bailee from the same bailor for use in the same general
23 activity and the original bailment was prior to June 9, 1961, the tax
24 imposed by this chapter does not apply.

25 (5) The tax shall be levied and collected in an amount equal to the
26 value of the article used or value of the service used by the taxpayer
27 multiplied by the rates in effect for the retail sales tax under RCW
28 82.08.020.

29 **Sec. 203.** RCW 82.12.045 and 1996 c 149 s 19 are each amended to
30 read as follows:

31 (1) In the collection of the use tax on motor vehicles, the
32 department of revenue may designate the county auditors of the several
33 counties of the state as its collecting agents. Upon such designation,
34 it shall be the duty of each county auditor to collect the tax at the
35 time an applicant applies for the registration of, and transfer of
36 title to, the motor vehicle, except in the following instances:

1 (a) Where the applicant exhibits a dealer's report of sale showing
2 that the retail sales tax has been collected by the dealer;

3 (b) Where the application is for the renewal of registration;

4 (c) Where the applicant presents a written statement signed by the
5 department of revenue, or its duly authorized agent showing that no use
6 tax is legally due; or

7 (d) Where the applicant presents satisfactory evidence showing that
8 the retail sales tax or the use tax has been paid by (~~him~~) the
9 applicant on the vehicle in question.

10 (2) The term "motor vehicle," as used in this section means and
11 includes all motor vehicles, trailers and semitrailers used, or of a
12 type designed primarily to be used, upon the public streets and
13 highways, for the convenience or pleasure of the owner, or for the
14 conveyance, for hire or otherwise, of persons or property, including
15 fixed loads, facilities for human habitation, and vehicles carrying
16 exempt licenses.

17 (3) It shall be the duty of every applicant for registration and
18 transfer of certificate of title who is subject to payment of tax under
19 this section to declare upon (~~his~~) the application the value of the
20 vehicle for which application is made, which shall consist of the
21 consideration paid or contracted to be paid therefor.

22 (4) Each county auditor who acts as agent of the department of
23 revenue shall at the time of remitting license fee receipts on motor
24 vehicles subject to the provisions of this section pay over and account
25 to the state treasurer for all use tax revenue collected under this
26 section, after first deducting as (~~his~~) a collection fee the sum of
27 two dollars for each motor vehicle upon which the tax has been
28 collected. All revenue received by the state treasurer under this
29 section shall be credited to the general fund. The auditor's
30 collection fee shall be deposited in the county current expense fund.
31 A duplicate of the county auditor's transmittal report to the state
32 treasurer shall be forwarded forthwith to the department of revenue.

33 (5) Any applicant who has paid use tax to a county auditor under
34 this section may apply to the department of revenue for refund thereof
35 if he or she has reason to believe that such tax was not legally due
36 and owing. No refund shall be allowed unless application therefor is
37 received by the department of revenue within the statutory period for
38 assessment of taxes, penalties, or interest prescribed by RCW

1 82.32.050(3). Upon receipt of an application for refund the department
2 of revenue shall consider the same and issue its order either granting
3 or denying it and if refund is denied the taxpayer shall have the right
4 of appeal as provided in RCW 82.32.170, 82.32.180 and 82.32.190.

5 (6) The provisions of this section shall be construed as cumulative
6 of other methods prescribed in chapters 82.04 to 82.32 RCW, inclusive,
7 for the collection of the tax imposed by this chapter. The department
8 of revenue shall have power to promulgate such rules as may be
9 necessary to administer the provisions of this section. Any duties
10 required by this section to be performed by the county auditor may be
11 performed by the director of licensing but no collection fee shall be
12 deductible by said director in remitting use tax revenue to the state
13 treasurer.

14 (7) The use tax revenue collected on the rate provided in RCW
15 82.08.020(3) shall be deposited in the multimodal transportation
16 account under RCW 47.66.070.

17 **Sec. 204.** RCW 82.08.064 and 2000 c 104 s 3 are each amended to
18 read as follows:

19 (1) A sales and use tax rate change under this chapter or chapter
20 82.12 RCW shall be imposed (~~((+1))~~) (a) no sooner than seventy-five days
21 after its enactment into law and (~~((+2))~~) (b) only on the first day of
22 January, April, July, or October.

23 (2) Subsection (1) of this section does not apply to the tax rate
24 change in section 201 of this act.

25 PART III - MOTOR AND SPECIAL FUEL TAXES

26 **Sec. 301.** RCW 82.36.025 and 1999 c 269 s 16 and 1999 c 94 s 29 are
27 each reenacted and amended to read as follows:

28 (1) A motor vehicle fuel tax rate of twenty-three cents per gallon
29 (~~((shall apply))~~) applies to the sale, distribution, or use of motor
30 vehicle fuel.

31 (2) Beginning July 1, 2003, an additional and cumulative motor fuel
32 tax rate of five cents per gallon applies to the sale, distribution, or
33 use of motor vehicle fuel. This subsection (2) expires when the bonds
34 issued for transportation 2003 projects are retired.

1 **Sec. 302.** RCW 82.38.030 and 2002 c 183 s 2 are each amended to
2 read as follows:

3 (1) There is hereby levied and imposed upon special fuel users a
4 tax at the rate (~~computed in the manner provided in RCW 82.36.025 on~~
5 ~~each~~) of twenty-three cents per gallon of special fuel, or each one
6 hundred cubic feet of compressed natural gas, measured at standard
7 pressure and temperature.

8 (2) Beginning July 1, 2003, an additional and cumulative tax rate
9 of five cents per gallon of special fuel, or each one hundred cubic
10 feet of compressed natural gas, measured at standard pressure and
11 temperature shall be imposed on special fuel users. This subsection
12 (2) expires when the bonds issued for transportation 2003 projects are
13 retired.

14 (3) (~~The tax~~) Taxes are imposed (~~by subsection (1) of this~~
15 ~~section is imposed~~) when:

16 (a) Special fuel is removed in this state from a terminal if the
17 special fuel is removed at the rack unless the removal is to a licensed
18 exporter for direct delivery to a destination outside of the state, or
19 the removal is to a special fuel distributor for direct delivery to an
20 international fuel tax agreement licensee under RCW 82.38.320;

21 (b) Special fuel is removed in this state from a refinery if either
22 of the following applies:

23 (i) The removal is by bulk transfer and the refiner or the owner of
24 the special fuel immediately before the removal is not a licensee; or

25 (ii) The removal is at the refinery rack unless the removal is to
26 a licensed exporter for direct delivery to a destination outside of the
27 state, or the removal is to a special fuel distributor for direct
28 delivery to an international fuel tax agreement licensee under RCW
29 82.38.320;

30 (c) Special fuel enters into this state for sale, consumption, use,
31 or storage if either of the following applies:

32 (i) The entry is by bulk transfer and the importer is not a
33 licensee; or

34 (ii) The entry is not by bulk transfer;

35 (d) Special fuel is sold or removed in this state to an unlicensed
36 entity unless there was a prior taxable removal, entry, or sale of the
37 special fuel;

1 (e) Blended special fuel is removed or sold in this state by the
2 blender of the fuel. The number of gallons of blended special fuel
3 subject to tax is the difference between the total number of gallons of
4 blended special fuel removed or sold and the number of gallons of
5 previously taxed special fuel used to produce the blended special fuel;

6 (f) Dyed special fuel is used on a highway, as authorized by the
7 internal revenue code, unless the use is exempt from the special fuel
8 tax;

9 (g) Dyed special fuel is held for sale, sold, used, or is intended
10 to be used in violation of this chapter;

11 (h) Special fuel purchased by an international fuel tax agreement
12 licensee under RCW 82.38.320 is used on a highway; and

13 (i) Special fuel is sold by a licensed special fuel supplier to a
14 special fuel distributor, special fuel importer, or special fuel
15 blender and the special fuel is not removed from the bulk transfer-
16 terminal system.

17 ~~((+3))~~ (4) The tax imposed by this chapter, if required to be
18 collected by the licensee, is held in trust by the licensee until paid
19 to the department, and a licensee who appropriates or converts the tax
20 collected to his or her own use or to any use other than the payment of
21 the tax to the extent that the money required to be collected is not
22 available for payment on the due date as prescribed in this chapter is
23 guilty of a felony, or gross misdemeanor in accordance with the theft
24 and anticipatory provisions of Title 9A RCW. A person, partnership,
25 corporation, or corporate officer who fails to collect the tax imposed
26 by this section, or who has collected the tax and fails to pay it to
27 the department in the manner prescribed by this chapter, is personally
28 liable to the state for the amount of the tax.

29 **Sec. 303.** RCW 46.68.090 and 1999 c 269 s 2 and 1999 c 94 s 6 are
30 each reenacted and amended to read as follows:

31 (1) All moneys that have accrued or may accrue to the motor vehicle
32 fund from the motor vehicle fuel tax and special fuel tax shall be
33 first expended for purposes enumerated in (a) and (b) of this
34 subsection. The remaining net tax amount shall be distributed monthly
35 by the state treasurer in ~~((the proportions set forth in (c) through~~
36 ~~(+1))~~ accordance with subsections (2), (3), and (4) of this
37 ~~((subsection))~~ section.

1 (a) For payment of refunds of motor vehicle fuel tax and special
2 fuel tax that has been paid and is refundable as provided by law;

3 (b) For payment of amounts to be expended pursuant to
4 appropriations for the administrative expenses of the offices of state
5 treasurer, state auditor, and the department of licensing of the state
6 of Washington in the administration of the motor vehicle fuel tax and
7 the special fuel tax, which sums shall be distributed monthly(~~(+)~~).

8 ~~((+))~~ (2) All of the remaining net tax amount collected under RCW
9 82.36.025(1) and 82.38.030(1) shall be distributed as set forth in (a)
10 through (j) of this section.

11 (a) For distribution to the motor vehicle fund an amount equal to
12 44.387 percent to be expended for highway purposes of the state as
13 defined in RCW 46.68.130;

14 ~~((+))~~ (b) For distribution to the special category C account,
15 hereby created in the motor vehicle fund, an amount equal to 3.2609
16 percent to be expended for special category C projects. Special
17 category C projects are category C projects that, due to high cost
18 only, will require bond financing to complete construction.

19 The following criteria, listed in order of priority, shall be used
20 in determining which special category C projects have the highest
21 priority:

22 (i) Accident experience;

23 (ii) Fatal accident experience;

24 (iii) Capacity to move people and goods safely and at reasonable
25 speeds without undue congestion; and

26 (iv) Continuity of development of the highway transportation
27 network.

28 Moneys deposited in the special category C account in the motor
29 vehicle fund may be used for payment of debt service on bonds the
30 proceeds of which are used to finance special category C projects under
31 this subsection ~~((+))~~ (2)(b);

32 ~~((+))~~ (c) For distribution to the Puget Sound ferry operations
33 account in the motor vehicle fund an amount equal to 2.3283 percent;

34 ~~((+))~~ (d) For distribution to the Puget Sound capital
35 construction account in the motor vehicle fund an amount equal to
36 2.3726 percent;

37 ~~((+))~~ (e) For distribution to the urban arterial trust account in
38 the motor vehicle fund an amount equal to 7.5597 percent;

1 ~~((h))~~ (f) For distribution to the transportation improvement
2 account in the motor vehicle fund an amount equal to 5.6739 percent and
3 expended in accordance with RCW 47.26.086;

4 ~~((i))~~ (g) For distribution to the cities and towns from the motor
5 vehicle fund an amount equal to 10.6961 percent in accordance with RCW
6 46.68.110;

7 ~~((j))~~ (h) For distribution to the counties from the motor vehicle
8 fund an amount equal to 19.2287 percent: (i) Out of which there shall
9 be distributed from time to time, as directed by the department of
10 transportation, those sums as may be necessary to carry out the
11 provisions of RCW 47.56.725; and (ii) less any amounts appropriated to
12 the county road administration board to implement the provisions of RCW
13 47.56.725(4), with the balance of such county share to be distributed
14 monthly as the same accrues for distribution in accordance with RCW
15 46.68.120;

16 ~~((k))~~ (i) For distribution to the county arterial preservation
17 account, hereby created in the motor vehicle fund an amount equal to
18 1.9565 percent. These funds shall be distributed by the county road
19 administration board to counties in proportions corresponding to the
20 number of paved arterial lane miles in the unincorporated area of each
21 county and shall be used for improvements to sustain the structural,
22 safety, and operational integrity of county arterials. The county road
23 administration board shall adopt reasonable rules and develop policies
24 to implement this program and to assure that a pavement management
25 system is used;

26 ~~((l))~~ (j) For distribution to the rural arterial trust account in
27 the motor vehicle fund an amount equal to 2.5363 percent and expended
28 in accordance with RCW 36.79.020.

29 ~~((2))~~ (3) One hundred percent of the net tax amount collected
30 under RCW 82.36.025(2) and 82.38.030(2) shall be distributed to the
31 transportation 2003 account.

32 (4) Nothing in this section or in RCW 46.68.130 may be construed so
33 as to violate any terms or conditions contained in any highway
34 construction bond issues now or hereafter authorized by statute and
35 whose payment is by such statute pledged to be paid from any excise
36 taxes on motor vehicle fuel and special fuels.

1 **Sec. 304.** RCW 46.68.110 and 1999 c 269 s 3 and 1999 c 94 s 9 are
2 each reenacted and amended to read as follows:

3 Funds credited to the incorporated cities and towns of the state as
4 set forth in RCW 46.68.090(~~((1)(i))~~) (2)(g) shall be subject to
5 deduction and distribution as follows:

6 (1) One and one-half percent of such sums distributed under RCW
7 46.68.090(2)(g) shall be deducted monthly as such sums are credited and
8 set aside for the use of the department of transportation for the
9 supervision of work and expenditures of such incorporated cities and
10 towns on the city and town streets thereof, including the supervision
11 and administration of federal-aid programs for which the department of
12 transportation has responsibility: PROVIDED, That any moneys so
13 retained and not expended shall be credited in the succeeding biennium
14 to the incorporated cities and towns in proportion to deductions herein
15 made;

16 (2) Thirty-three one-hundredths of one percent of such funds
17 distributed under RCW 46.68.090(2)(g) shall be deducted monthly, as
18 such funds accrue, and set aside for the use of the department of
19 transportation for the purpose of funding the cities' share of the
20 costs of highway jurisdiction studies and other studies. Any funds so
21 retained and not expended shall be credited in the succeeding biennium
22 to the cities in proportion to the deductions made;

23 (3) One percent of such funds distributed under RCW 46.68.090(2)(g)
24 shall be deducted monthly, as such funds accrue, to be deposited in the
25 urban arterial trust account, to implement the city hardship assistance
26 program, as provided in RCW 47.26.164. However, any moneys so retained
27 and not required to carry out the program as of July 1st of each odd-
28 numbered year thereafter, shall be provided within sixty days to the
29 treasurer and distributed in the manner prescribed in subsection (5) of
30 this section;

31 (4) After making the deductions under subsections (1) through (3)
32 of this section and RCW 35.76.050, 31.86 percent of the fuel tax
33 distributed to the cities and towns in RCW 46.68.090(~~((1)(i))~~) (2)(g)
34 shall be allocated to the incorporated cities and towns in the manner
35 set forth in subsection (5) of this section and subject to deductions
36 in subsections (1), (2), and (3) of this section, subject to RCW
37 35.76.050, to be used exclusively for: The construction, improvement,
38 chip sealing, seal-coating, and repair for arterial highways and city

1 streets as those terms are defined in RCW 46.04.030 and 46.04.120; the
2 maintenance of arterial highways and city streets for those cities with
3 a population of less than fifteen thousand; or the payment of any
4 municipal indebtedness which may be incurred in the construction,
5 improvement, chip sealing, seal-coating, and repair of arterial
6 highways and city streets; and

7 (5) The balance remaining to the credit of incorporated cities and
8 towns after such deduction shall be apportioned monthly as such funds
9 accrue among the several cities and towns within the state ratably on
10 the basis of the population last determined by the office of financial
11 management.

12 **Sec. 305.** RCW 82.38.035 and 2001 c 270 s 7 are each amended to
13 read as follows:

14 (1) A licensed supplier shall remit tax on special fuel to the
15 department as provided in RCW 82.38.030(~~((2)(a))~~) (3)(a). On a two-
16 party exchange, or buy-sell agreement between two licensed suppliers,
17 the receiving exchange partner or buyer shall remit the tax.

18 (2) A refiner shall remit tax to the department on special fuel
19 removed from a refinery as provided in RCW 82.38.030(~~((2)(b))~~) (3)(b).

20 (3) An importer shall remit tax to the department on special fuel
21 imported into this state as provided in RCW 82.38.030(~~((2)(c))~~) (3)(c).

22 (4) A blender shall remit tax to the department on the removal or
23 sale of blended special fuel as provided in RCW 82.38.030(~~((2)(d))~~)
24 (3)(e).

25 (5) A dyed special fuel user shall remit tax to the department on
26 the use of dyed special fuel as provided in RCW 82.38.030(~~((2)(e))~~)
27 (3)(f).

28 **Sec. 306.** RCW 82.38.047 and 1998 c 176 s 55 are each amended to
29 read as follows:

30 A terminal operator is jointly and severally liable for remitting
31 the tax imposed under RCW 82.38.030(~~((1))~~) if, in connection with the
32 removal of special fuel that is not dyed or marked in accordance with
33 internal revenue service requirements, the terminal operator provides
34 a person with a bill of lading, shipping paper, or similar document
35 indicating that the special fuel is dyed or marked in accordance with
36 internal revenue service requirements.

PART IV - ACCOUNT CREATION

NEW SECTION. **Sec. 401.** A new section is added to chapter 46.68 RCW to read as follows:

(1) The transportation 2003 account is hereby created in the motor vehicle fund. Money in the account may be spent only after appropriation. Expenditures from the account must be used only for projects or improvements identified as transportation 2003 projects or improvements in the omnibus transportation budget and to pay the principal and interest on the bonds authorized for transportation 2003 projects or improvements. Upon completion of the projects or improvements identified as transportation 2003 projects or improvements, moneys deposited in this account must only be used to pay the principal and interest on the bonds authorized for transportation 2003 projects or improvements, and any funds in the account in excess of the amount necessary to make the principal and interest payments may be used for maintenance on the completed projects or improvements.

(2) The "nickel account" means the transportation 2003 account.

Sec. 402. RCW 43.84.092 and 2002 c 242 s 2, 2002 c 114 s 24, and 2002 c 56 s 402 are each reenacted and amended to read as follows:

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

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

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

9 (4) Monthly, the state treasurer shall distribute the earnings
10 credited to the treasury income account. The state treasurer shall
11 credit the general fund with all the earnings credited to the treasury
12 income account except:

13 (a) The following accounts and funds shall receive their
14 proportionate share of earnings based upon each account's and fund's
15 average daily balance for the period: The capitol building
16 construction account, the Cedar River channel construction and
17 operation account, the Central Washington University capital projects
18 account, the charitable, educational, penal and reformatory
19 institutions account, the common school construction fund, the county
20 criminal justice assistance account, the county sales and use tax
21 equalization account, the data processing building construction
22 account, the deferred compensation administrative account, the deferred
23 compensation principal account, the department of retirement systems
24 expense account, the drinking water assistance account, the drinking
25 water assistance administrative account, the drinking water assistance
26 repayment account, the Eastern Washington University capital projects
27 account, the education construction fund, the emergency reserve fund,
28 the federal forest revolving account, the health services account, the
29 public health services account, the health system capacity account, the
30 personal health services account, the state higher education
31 construction account, the higher education construction account, the
32 highway infrastructure account, the industrial insurance premium refund
33 account, the judges' retirement account, the judicial retirement
34 administrative account, the judicial retirement principal account, the
35 local leasehold excise tax account, the local real estate excise tax
36 account, the local sales and use tax account, the medical aid account,
37 the mobile home park relocation fund, the multimodal transportation
38 account, the municipal criminal justice assistance account, the

1 municipal sales and use tax equalization account, the natural resources
2 deposit account, the oyster reserve land account, the perpetual
3 surveillance and maintenance account, the public employees' retirement
4 system plan 1 account, the public employees' retirement system combined
5 plan 2 and plan 3 account, the public facilities construction loan
6 revolving account beginning July 1, 2004, the public health
7 supplemental account, the Puyallup tribal settlement account, the
8 regional transportation investment district account, the resource
9 management cost account, the site closure account, the special wildlife
10 account, the state employees' insurance account, the state employees'
11 insurance reserve account, the state investment board expense account,
12 the state investment board commingled trust fund accounts, the
13 supplemental pension account, the Tacoma Narrows toll bridge account,
14 the teachers' retirement system plan 1 account, the teachers'
15 retirement system combined plan 2 and plan 3 account, the tobacco
16 prevention and control account, the tobacco settlement account, the
17 transportation infrastructure account, the tuition recovery trust fund,
18 the University of Washington bond retirement fund, the University of
19 Washington building account, the volunteer fire fighters' and reserve
20 officers' relief and pension principal fund, the volunteer fire
21 fighters' and reserve officers' administrative fund, the Washington
22 fruit express account, the Washington judicial retirement system
23 account, the Washington law enforcement officers' and fire fighters'
24 system plan 1 retirement account, the Washington law enforcement
25 officers' and fire fighters' system plan 2 retirement account, the
26 Washington school employees' retirement system combined plan 2 and 3
27 account, the Washington state health insurance pool account, the
28 Washington state patrol retirement account, the Washington State
29 University building account, the Washington State University bond
30 retirement fund, the water pollution control revolving fund, and the
31 Western Washington University capital projects account. Earnings
32 derived from investing balances of the agricultural permanent fund, the
33 normal school permanent fund, the permanent common school fund, the
34 scientific permanent fund, and the state university permanent fund
35 shall be allocated to their respective beneficiary accounts. All
36 earnings to be distributed under this subsection (4)(a) shall first be
37 reduced by the allocation to the state treasurer's service fund
38 pursuant to RCW 43.08.190.

1 (b) The following accounts and funds shall receive eighty percent
2 of their proportionate share of earnings based upon each account's or
3 fund's average daily balance for the period: The aeronautics account,
4 the aircraft search and rescue account, the county arterial
5 preservation account, the department of licensing services account, the
6 essential rail assistance account, the ferry bond retirement fund, the
7 grade crossing protective fund, the high capacity transportation
8 account, the highway bond retirement fund, the highway safety account,
9 the motor vehicle fund, the motorcycle safety education account, the
10 pilotage account, the public transportation systems account, the Puget
11 Sound capital construction account, the Puget Sound ferry operations
12 account, the recreational vehicle account, the rural arterial trust
13 account, the safety and education account, the special category C
14 account, the state patrol highway account, the transportation 2003
15 account, the transportation equipment fund, the transportation fund,
16 the transportation improvement account, the transportation improvement
17 board bond retirement account, and the urban arterial trust account.

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

21 **PART V - MISCELLANEOUS**

22 NEW SECTION. **Sec. 501.** Part headings used in this act are not any
23 part of the law.

24 NEW SECTION. **Sec. 502.** If any provision of this act or its
25 application to any person or circumstance is held invalid, the
26 remainder of the act or the application of the provision to other
27 persons or circumstances is not affected.

28 NEW SECTION. **Sec. 503.** This act is necessary for the immediate
29 preservation of the public peace, health, or safety, or support of the
30 state government and its existing public institutions, and takes effect
31 July 1, 2003.

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