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SENATE BILL 6498

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State of Washington

58th Legislature

2004 Regular Session

By Senator Shin

Read first time 01/21/2004. Referred to Committee on Highways & Transportation.

1 AN ACT Relating to transportation funding; amending RCW 82.36.025,  
2 82.38.030, 82.36.410, and 46.68.090; and providing for submission of  
3 this act to a vote of the people.

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

5 **Sec. 1.** RCW 82.36.025 and 2003 c 361 s 401 are each amended to  
6 read as follows:

7 (1) A motor vehicle fuel tax rate of (~~twenty-three~~) twenty-seven  
8 cents per gallon applies to the sale, distribution, or use of motor  
9 vehicle fuel.

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

14 (3)(a) The money collected under subsection (1) of this section  
15 based on a rate of twenty-three cents per gallon shall be deposited in  
16 the motor vehicle fund.

17 (b) The money collected under subsection (1) of this section based  
18 on a rate of two cents per gallon shall be deposited in the motor  
19 vehicle account.

1       (c) The money collected under subsection (1) of this section based  
2 on a rate of one cent per gallon shall be deposited in the motor  
3 vehicle fund and distributed to cities in accordance with RCW  
4 46.68.090(2)(g).

5       (d) The money collected under subsection (1) of this section based  
6 on a rate of one cent per gallon shall be deposited in the motor  
7 vehicle fund and distributed to counties in accordance with RCW  
8 46.68.090(2)(h).

9       **Sec. 2.** RCW 82.38.030 and 2003 c 361 s 402 are each amended to  
10 read as follows:

11       (1) There is hereby levied and imposed upon special fuel users a  
12 tax at the rate of (~~twenty-three~~) twenty-seven cents per gallon of  
13 special fuel, or each one hundred cubic feet of compressed natural gas,  
14 measured at standard pressure and temperature.

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

21       (3) Taxes are imposed when:

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

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

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

31       (ii) The removal is at the refinery rack unless the removal is to  
32 a licensed exporter for direct delivery to a destination outside of the  
33 state, or the removal is to a special fuel distributor for direct  
34 delivery to an international fuel tax agreement licensee under RCW  
35 82.38.320;

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

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

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

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

7 (e) Blended special fuel is removed or sold in this state by the  
8 blender of the fuel. The number of gallons of blended special fuel  
9 subject to tax is the difference between the total number of gallons of  
10 blended special fuel removed or sold and the number of gallons of  
11 previously taxed special fuel used to produce the blended special fuel;

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

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

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

19 (i) Special fuel is sold by a licensed special fuel supplier to a  
20 special fuel distributor, special fuel importer, or special fuel  
21 blender and the special fuel is not removed from the bulk transfer-  
22 terminal system.

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

35 (5)(a) The money collected under subsection (1) of this section  
36 based on a rate of twenty-three cents per gallon shall be deposited in  
37 the motor vehicle fund.

1       (b) The money collected under subsection (1) of this section based  
2 on a rate of two cents per gallon shall be deposited in the motor  
3 vehicle account.

4       (c) The money collected under subsection (1) of this section based  
5 on a rate of one cent per gallon shall be deposited in the motor  
6 vehicle fund and distributed to cities in accordance with RCW  
7 46.68.090(2)(g).

8       (d) The money collected under subsection (1) of this section based  
9 on a rate of one cent per gallon shall be deposited in the motor  
10 vehicle fund and distributed to counties in accordance with RCW  
11 46.68.090(2)(h).

12       **Sec. 3.** RCW 82.36.410 and 1973 c 95 s 5 are each amended to read  
13 as follows:

14       All moneys collected by the director shall be transmitted forthwith  
15 to the state treasurer, together with a statement showing whence the  
16 moneys were derived, and shall be by him credited to the motor vehicle  
17 fund, unless specified otherwise.

18       **Sec. 4.** RCW 46.68.090 and 2003 c 361 s 403 are each amended to  
19 read as follows:

20       (1) All moneys that have accrued or may accrue to the motor vehicle  
21 fund from the motor vehicle fuel tax under RCW 82.36.025(3)(a) and  
22 special fuel tax under RCW 82.38.030(5)(a) shall be first expended for  
23 purposes enumerated in (a) and (b) of this subsection. The remaining  
24 net tax amount shall be distributed monthly by the state treasurer in  
25 accordance with subsections (2), (3), and (4) of this section.

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

28       (b) For payment of amounts to be expended pursuant to  
29 appropriations for the administrative expenses of the offices of state  
30 treasurer, state auditor, and the department of licensing of the state  
31 of Washington in the administration of the motor vehicle fuel tax and  
32 the special fuel tax, which sums shall be distributed monthly.

33       (2) All of the remaining net tax amount collected under RCW  
34 82.36.025(1) and 82.38.030(1) shall be distributed as set forth in (a)  
35 through (j) of this section.

1 (a) For distribution to the motor vehicle fund an amount equal to  
2 44.387 percent to be expended for highway purposes of the state as  
3 defined in RCW 46.68.130;

4 (b) For distribution to the special category C account, hereby  
5 created in the motor vehicle fund, an amount equal to 3.2609 percent to  
6 be expended for special category C projects. Special category C  
7 projects are category C projects that, due to high cost only, will  
8 require bond financing to complete construction.

9 The following criteria, listed in order of priority, shall be used  
10 in determining which special category C projects have the highest  
11 priority:

12 (i) Accident experience;

13 (ii) Fatal accident experience;

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

16 (iv) Continuity of development of the highway transportation  
17 network.

18 Moneys deposited in the special category C account in the motor  
19 vehicle fund may be used for payment of debt service on bonds the  
20 proceeds of which are used to finance special category C projects under  
21 this subsection (2)(b);

22 (c) For distribution to the Puget Sound ferry operations account in  
23 the motor vehicle fund an amount equal to 2.3283 percent;

24 (d) For distribution to the Puget Sound capital construction  
25 account in the motor vehicle fund an amount equal to 2.3726 percent;

26 (e) For distribution to the urban arterial trust account in the  
27 motor vehicle fund an amount equal to 7.5597 percent;

28 (f) For distribution to the transportation improvement account in  
29 the motor vehicle fund an amount equal to 5.6739 percent and expended  
30 in accordance with RCW 47.26.086;

31 (g) For distribution to the cities and towns from the motor vehicle  
32 fund an amount equal to 10.6961 percent in accordance with RCW  
33 46.68.110;

34 (h) For distribution to the counties from the motor vehicle fund an  
35 amount equal to 19.2287 percent: (i) Out of which there shall be  
36 distributed from time to time, as directed by the department of  
37 transportation, those sums as may be necessary to carry out the  
38 provisions of RCW 47.56.725; and (ii) less any amounts appropriated to

1 the county road administration board to implement the provisions of RCW  
2 47.56.725(4), with the balance of such county share to be distributed  
3 monthly as the same accrues for distribution in accordance with RCW  
4 46.68.120;

5 (i) For distribution to the county arterial preservation account,  
6 hereby created in the motor vehicle fund an amount equal to 1.9565  
7 percent. These funds shall be distributed by the county road  
8 administration board to counties in proportions corresponding to the  
9 number of paved arterial lane miles in the unincorporated area of each  
10 county and shall be used for improvements to sustain the structural,  
11 safety, and operational integrity of county arterials. The county road  
12 administration board shall adopt reasonable rules and develop policies  
13 to implement this program and to assure that a pavement management  
14 system is used;

15 (j) For distribution to the rural arterial trust account in the  
16 motor vehicle fund an amount equal to 2.5363 percent and expended in  
17 accordance with RCW 36.79.020.

18 (3) One hundred percent of the net tax amount collected under RCW  
19 82.36.025(2) and 82.38.030(2) shall be distributed to the  
20 transportation 2003 account (nickel account).

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

26 NEW SECTION. **Sec. 5.** The secretary of state shall submit this act  
27 to the people for their adoption and ratification, or rejection, at the  
28 next general election to be held in this state, in accordance with  
29 Article II, section 1 of the state Constitution and the laws adopted to  
30 facilitate its operation.

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