
HOUSE BILL 1883

State of Washington

63rd Legislature

2013 Regular Session

By Representatives Fitzgibbon, Orcutt, Riccelli, Farrell, and Lias;
by request of Department of Licensing

Read first time 02/14/13. Referred to Committee on Transportation.

1 AN ACT Relating to simplifying and updating statutes related to
2 fuel tax administration; amending RCW 82.38.010, 82.38.020, 82.38.030,
3 82.38.032, 82.38.035, 82.38.050, 82.38.060, 82.38.065, 82.38.066,
4 82.38.075, 82.38.080, 82.38.090, 82.38.110, 82.38.140, 82.38.150,
5 82.38.160, 82.38.170, 82.38.180, 82.38.190, 82.38.210, 82.38.220,
6 82.38.230, 82.38.235, 82.38.245, 82.38.260, 82.38.270, 82.38.280,
7 82.38.290, 82.38.310, 82.38.320, 82.38.360, 82.38.365, 82.38.370,
8 82.38.380, 82.38.385, 82.42.010, 82.42.020, 82.42.030, 82.42.040,
9 82.42.090, 82.42.110, 82.42.125, 19.112.110, 19.112.120, 35A.81.010,
10 36.70A.340, 43.06.400, 46.01.040, 46.09.310, 46.87.080, 47.02.070,
11 47.02.160, 47.10.040, 47.10.180, 47.10.310, 47.10.440, 47.10.714,
12 47.10.729, 47.10.756, 47.10.766, 47.10.793, 47.10.804, 47.10.815,
13 47.10.822, 47.10.838, 47.10.846, 47.10.864, 47.10.876, 47.10.883,
14 47.26.404, 47.26.424, 47.26.4252, 47.26.4254, 47.26.504, 47.56.771,
15 47.60.580, 79A.25.010, 79A.25.040, 79A.25.050, 82.04.4285, 82.08.0255,
16 82.80.010, 82.80.110, 82.80.120, 46.68.080, 46.68.090, and 82.12.0256;
17 reenacting and amending RCW 82.38.120 and 46.09.520; adding new
18 sections to chapter 82.38 RCW; adding new sections to chapter 82.42
19 RCW; decodifying RCW 82.38.800, 82.38.900, 82.38.910, 82.38.920,
20 82.38.930, 82.38.940, and 82.38.941; repealing RCW 82.36.010,
21 82.36.020, 82.36.022, 82.36.025, 82.36.026, 82.36.027, 82.36.028,

1 82.36.029, 82.36.031, 82.36.032, 82.36.035, 82.36.040, 82.36.044,
2 82.36.045, 82.36.047, 82.36.050, 82.36.060, 82.36.070, 82.36.075,
3 82.36.080, 82.36.090, 82.36.095, 82.36.100, 82.36.110, 82.36.120,
4 82.36.130, 82.36.140, 82.36.150, 82.36.160, 82.36.170, 82.36.180,
5 82.36.190, 82.36.200, 82.36.210, 82.36.230, 82.36.240, 82.36.245,
6 82.36.247, 82.36.250, 82.36.260, 82.36.270, 82.36.275, 82.36.280,
7 82.36.285, 82.36.290, 82.36.300, 82.36.310, 82.36.320, 82.36.330,
8 82.36.335, 82.36.340, 82.36.350, 82.36.370, 82.36.375, 82.36.380,
9 82.36.390, 82.36.400, 82.36.410, 82.36.415, 82.36.420, 82.36.430,
10 82.36.435, 82.36.440, 82.36.450, 82.36.460, 82.36.470, 82.36.475,
11 82.36.480, 82.36.485, 82.36.490, 82.36.495, 82.36.800, 82.36.900,
12 82.36.901, 82.38.045, 82.38.047, 82.38.130, 82.38.240, 82.38.250,
13 82.38.265, 82.38.350, 82.41.060, 82.42.050, 82.42.060, 82.42.070,
14 82.42.080, and 82.42.120; prescribing penalties; and providing an
15 effective date.

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

17 **PART I**
18 **MOTOR VEHICLE FUEL TAX--STATUTE CONSOLIDATION**

19 **Sec. 101.** RCW 82.38.010 and 1979 c 40 s 1 are each amended to read
20 as follows:

21 The purpose of this chapter is to (~~supplement the Motor Vehicle~~
22 ~~Fuel Tax Act, chapter 82.36 RCW, by imposing~~) impose a tax upon
23 (~~all~~) fuels (~~not taxed under said Motor Vehicle Fuel Tax Act~~) used
24 for the propulsion of motor vehicles upon the highways of this state.

25 **Sec. 102.** RCW 82.38.020 and 2002 c 183 s 1 are each amended to
26 read as follows:

27 The definitions in this section apply throughout this chapter
28 unless the context clearly requires otherwise.

29 (1) "Blended (~~special~~) fuel" means a mixture of (~~undyed diesel~~)
30 fuel and another liquid, other than a de minimis amount of the
31 liquid(~~, that can be used as a fuel to propel a motor vehicle~~).

32 (2) "Blender" means a person who produces blended (~~special~~) fuel
33 outside the bulk transfer-terminal system.

1 (3) "Bond" means a bond duly executed with a corporate surety
2 qualified under chapter 48.28 RCW(~~(, which bond is)~~) payable to the
3 state of Washington conditioned upon faithful performance of all
4 requirements of this chapter(~~(, including the payment of all taxes,~~
5 ~~penalties, and other obligations arising out of this chapter)~~).

6 (4) "Bulk transfer-terminal system" means the (~~special~~) fuel
7 distribution system consisting of refineries, pipelines, vessels, and
8 terminals. (~~Special~~) Fuel in a refinery, pipeline, vessel, or
9 terminal is in the bulk transfer-terminal system. (~~Special fuel in~~
10 ~~the fuel tank of an engine, motor vehicle, or in a railcar, trailer,~~
11 ~~truck, or other equipment suitable for ground transportation is not in~~
12 ~~the bulk transfer-terminal system.)~~)

13 (5) "Bulk transfer" means a transfer of (~~special~~) fuel by
14 pipeline or vessel.

15 (6) "Bulk storage" means the placing of (~~special~~) fuel into a
16 receptacle other than the fuel supply tank of a motor vehicle.

17 (7) "Department" means the department of licensing.

18 (8) "Distributor" means a person who acquires fuel outside the bulk
19 transfer-terminal system for importation into Washington, from a
20 terminal or refinery rack located within Washington for distribution
21 within Washington, or for immediate export outside the state of
22 Washington.

23 (9) "Dyed special fuel user" means a person authorized by the
24 internal revenue code to operate a motor vehicle on the highway using
25 dyed special fuel, in which the use is not exempt from the (~~special~~)
26 fuel tax.

27 ((+9)) (10) "Evasion" or "evade" means to diminish or avoid the
28 computation, assessment, or payment of authorized taxes or fees
29 through:

30 (a) A knowing: False statement; omission; misrepresentation of
31 fact; or other act of deception;

32 (b) An intentional: Failure to file a return or report; or other
33 act of deception; or

34 (c) The unlawful use of dyed special fuel.

35 ((+10)) (11) "Exempt sale" means the sale of fuel to a person
36 whose use of fuel is exempt from the fuel tax.

37 (12) "Export" means to obtain (~~special~~) fuel in this state for

1 sales or distribution outside the state. Fuel distributed to a
2 federally recognized Indian tribal reservation located within the state
3 of Washington is not considered exported outside this state.

4 ~~((+11))~~ (13) "Exporter" means a person who purchases fuel
5 physically located in this state at the time of purchase and directly
6 exports the fuel by a means other than the bulk transfer-terminal
7 system to a destination outside of the state. If the exporter of
8 record is acting as an agent, the person for whom the agent is acting
9 is the exporter. If there is no exporter of record, the owner of the
10 fuel at the time of exportation is the exporter.

11 (14) "Fuel" means motor vehicle fuel or special fuel.

12 (15) "Fuel user" means a person engaged in uses of fuel that are
13 not specifically exempted from the fuel tax imposed under this chapter.

14 (16) "Highway" means every way or place open to the use of the
15 public, as a matter of right, for the purpose of vehicular travel.

16 ~~((+12))~~ (17) "Import" means to bring ~~((special))~~ fuel into this
17 state by a means of conveyance other than the fuel supply tank of a
18 motor vehicle.

19 ~~((+13))~~ (18) "Importer" means a person who imports fuel into the
20 state by a means other than the bulk transfer-terminal system. If the
21 importer of record is acting as an agent, the person for whom the agent
22 is acting is the importer. If there is no importer of record, the
23 owner of the fuel at the time of importation is the importer.

24 (19) "International fuel tax agreement licensee" means a
25 ~~((special))~~ fuel user operating qualified motor vehicles in interstate
26 commerce and licensed by the department under the international fuel
27 tax agreement.

28 ~~((+14) "Lessor" means a person: (a) Whose principal business is~~
29 ~~the bona fide leasing or renting of motor vehicles without drivers for~~
30 ~~compensation to the general public; and (b) who maintains established~~
31 ~~places of business and whose lease or rental contracts require the~~
32 ~~motor vehicles to be returned to the established places of business.~~

33 ~~(+15))~~ (20) "Licensee" means a person holding a license issued
34 under this chapter.

35 ~~((+16))~~ (21) "Motor vehicle" means a self-propelled vehicle
36 ~~((designed for operation upon land))~~ utilizing ~~((special))~~ fuel as
37 ~~((the))~~ a means of propulsion.

1 ~~((+17+))~~ (22) "Motor vehicle fuel" means gasoline and any other
2 inflammable gas or liquid, by whatsoever name the gasoline, gas, or
3 liquid may be known or sold the chief use of which is as a fuel for the
4 propulsion of motor vehicles or vessels.

5 (23) "Natural gas" means naturally occurring mixtures of
6 hydrocarbon gases and vapors consisting principally of methane, whether
7 in gaseous or liquid form.

8 ~~((+18+))~~ (24) "Person" means ~~((a natural person, fiduciary,~~
9 ~~association, or corporation. The term "person" as applied to an~~
10 ~~association means and includes the partners or members thereof, and as~~
11 ~~applied to corporations, the officers thereof))~~ any individual,
12 partnership, association, public or private corporation, limited
13 liability company, or any other type of legal or commercial entity,
14 including their members, managers, partners, directors, or officers.

15 ~~((+19+))~~ (25) "Position holder" means a person who holds the
16 inventory position in ~~((special))~~ fuel, as reflected by the records of
17 the terminal operator. A person holds the inventory position ~~((in~~
18 ~~special fuel))~~ if the person has a contractual agreement with the
19 terminal for the use of storage facilities and terminating services
20 ~~((at a terminal with respect to special fuel)).~~ "Position holder"
21 includes a terminal operator that owns ~~((special))~~ fuel in their
22 terminal.

23 ~~((+20+))~~ (26) "Rack" means a mechanism for delivering ~~((special))~~
24 fuel from a refinery or terminal into a truck, trailer, railcar, or
25 other means of nonbulk transfer.

26 ~~((+21+))~~ (27) "Refiner" means a person who owns, operates, or
27 otherwise controls a refinery.

28 ~~((+22+))~~ (28) "Removal" means a physical transfer of ~~((special))~~
29 fuel other than by evaporation, loss, or destruction.

30 ~~((+23+))~~ "~~Special fuel~~" means and includes all combustible gases and
31 liquids suitable for the generation of power for propulsion of motor
32 vehicles, except that it does not include motor vehicle fuel as defined
33 in chapter 82.36 RCW, nor does it include dyed special fuel as defined
34 by federal regulations, unless the use is in violation of this chapter.
35 If a person holds for sale, sells, purchases, or uses any dyed special
36 fuel in violation of this chapter, all dyed special fuel held for sale,
37 sold, purchased, stored, or used by that person is considered special
38 fuel, and the person is subject to all presumptions, reporting, and

1 ~~recordkeeping requirements and other obligations which apply to special~~
2 ~~fuel, along with payment of any applicable taxes, penalties, or~~
3 ~~interest for illegal use.~~

4 ~~(24) "Special fuel distributor" means a person who acquires special~~
5 ~~fuel from a supplier, distributor, or licensee for subsequent sale and~~
6 ~~distribution.~~

7 ~~(25) "Special fuel exporter" means a person who purchases special~~
8 ~~fuel in this state and directly exports the fuel by a means other than~~
9 ~~the bulk transfer terminal system to a destination outside of the~~
10 ~~state.~~

11 ~~(26) "Special fuel importer" means a person who imports special~~
12 ~~fuel into the state by a means other than the bulk transfer terminal~~
13 ~~system. If the importer of record is acting as an agent, the person~~
14 ~~for whom the agent is acting is the importer. If there is no importer~~
15 ~~of record, the owner of the special fuel at the time of importation is~~
16 ~~the importer.~~

17 ~~(27) "Special fuel")~~ (29) "Special fuel" means diesel fuel,
18 propane, natural gas, kerosene, biodiesel, and any other combustible
19 liquid or gas by whatever name the liquid or gas may be known or sold
20 for the generation of power to propel a motor vehicle on the highways,
21 except it does not include motor vehicle fuel.

22 (30) "Supplier" means a person who holds a federal certificate of
23 registry issued under the internal revenue code and authorizes the
24 person to engage in tax-free transactions ((on special)) of fuel in the
25 bulk transfer-terminal system.

26 ~~((28) "Special fuel user" means a person engaged in uses of~~
27 ~~special fuel that are not specifically exempted from the special fuel~~
28 ~~tax imposed under this chapter.~~

29 ~~(29))~~ (31) "Terminal" means a ((special)) fuel storage and
30 distribution facility that has been assigned a terminal control number
31 by the internal revenue service(, is supplied by pipeline or vessel,
32 and from which reportable special fuel is removed at a rack)).

33 ~~((30))~~ (32) "Terminal operator" means a person who owns,
34 operates, or otherwise controls a terminal.

35 ~~((31))~~ (33) "Two-party exchange" or "buy-sell agreement" means a
36 transaction in which taxable ((special)) fuel is transferred from one
37 licensed supplier to another licensed supplier ((under an exchange or
38 buy-sell agreement)) whereby the supplier that is the position holder

1 agrees to deliver taxable (~~special~~) fuel to the other supplier or the
2 other supplier's customer at the (~~rack of the~~) terminal at which the
3 delivering supplier is the position holder.

4 **Sec. 103.** RCW 82.38.030 and 2007 c 515 s 21 are each amended to
5 read as follows:

6 (1) There is (~~hereby~~) levied and imposed upon (~~special~~) fuel
7 licensees(~~(, other than special fuel distributors,)~~) a tax at the rate
8 of twenty-three cents per gallon of (~~special~~) fuel, or each one
9 hundred cubic feet of compressed natural gas, measured at standard
10 pressure and temperature.

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

16 (3) Beginning July 1, 2005, an additional and cumulative tax rate
17 of three cents per gallon of (~~special~~) fuel, or each one hundred
18 cubic feet of compressed natural gas, measured at standard pressure and
19 temperature (~~shall be~~) is imposed on (~~special~~) fuel licensees(~~(, other than special fuel distributors)~~).

20 (4) Beginning July 1, 2006, an additional and cumulative tax rate
21 of three cents per gallon of (~~special~~) fuel, or each one hundred
22 cubic feet of compressed natural gas, measured at standard pressure and
23 temperature (~~shall be~~) is imposed on (~~special~~) fuel licensees(~~(, other than special fuel distributors)~~).

24 (5) Beginning July 1, 2007, an additional and cumulative tax rate
25 of two cents per gallon of (~~special~~) fuel, or each one hundred cubic
26 feet of compressed natural gas, measured at standard pressure and
27 temperature (~~shall be~~) is imposed on (~~special~~) fuel licensees(~~(, other than special fuel distributors)~~).

28 (6) Beginning July 1, 2008, an additional and cumulative tax rate
29 of one and one-half cents per gallon of (~~special~~) fuel, or each one
30 hundred cubic feet of compressed natural gas, measured at standard
31 pressure and temperature (~~shall be~~) is imposed on (~~special~~) fuel
32 licensees(~~(, other than special fuel distributors)~~).

33 (7) Taxes are imposed when:

1 (a) (~~Special~~) Fuel is removed in this state from a terminal if
2 the (~~special~~) fuel is removed at the rack unless the removal is (~~to~~
3 ~~a licensed exporter~~) by a licensed supplier or distributor for direct
4 delivery to a destination outside of the state, or the removal is by a
5 (~~special~~) fuel supplier for direct delivery to an international fuel
6 tax agreement licensee under RCW 82.38.320;

7 (b) (~~Special~~) Fuel is removed in this state from a refinery if
8 either of the following applies:

9 (i) The removal is by bulk transfer and the refiner or the owner of
10 the (~~special~~) fuel immediately before the removal is not a
11 (~~licensee~~) licensed supplier; or

12 (ii) The removal is at the refinery rack unless the removal is to
13 a licensed (~~exporter~~) supplier or distributor for direct delivery to
14 a destination outside of the state, or the removal is to a (~~special~~
15 ~~fuel~~) licensed supplier for direct delivery to an international fuel
16 tax agreement licensee under RCW 82.38.320;

17 (c) (~~Special~~) Fuel enters into this state for sale, consumption,
18 use, or storage, unless the fuel enters this state for direct delivery
19 to an international fuel tax agreement licensee under RCW 82.38.320, if
20 either of the following applies:

21 (i) The entry is by bulk transfer and the importer is not a
22 (~~licensee~~) licensed supplier; or

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

24 (d) (~~Special~~) Fuel enters this state by means outside the bulk
25 transfer-terminal system and is delivered directly to a licensed
26 terminal unless the owner is a licensed distributor or supplier.

27 (e) Fuel is sold or removed in this state to an unlicensed entity
28 unless there was a prior taxable removal, entry, or sale of the
29 (~~special~~) fuel;

30 (~~(+e)~~) (f) Blended (~~special~~) fuel is removed or sold in this
31 state by the blender of the fuel. The number of gallons of blended
32 (~~special~~) fuel subject to tax is the difference between the total
33 number of gallons of blended (~~special~~) fuel removed or sold and the
34 number of gallons of previously taxed (~~special~~) fuel used to produce
35 the blended (~~special~~) fuel;

36 (~~(+f)~~) (g) Dyed special fuel is used on a highway, as authorized
37 by the internal revenue code, unless the use is exempt from the
38 (~~special~~) fuel tax;

1 ~~((g))~~ (h) Dyed special fuel is held for sale, sold, used, or is
2 intended to be used in violation of this chapter;

3 ~~((h))~~ (i) Special fuel purchased by an international fuel tax
4 agreement licensee under RCW 82.38.320 is used on a highway; and

5 ~~((i) Special))~~ (j) Fuel is sold by a licensed ~~((special))~~ fuel
6 supplier to a ~~((special))~~ fuel distributor~~((, special fuel importer, or~~
7 ~~special))~~ or fuel blender and the ~~((special))~~ fuel is not removed from
8 the bulk transfer-terminal system.

9 **Sec. 104.** RCW 82.38.032 and 2007 c 515 s 22 are each amended to
10 read as follows:

11 International fuel tax agreement licensees, or persons operating
12 motor vehicles under other reciprocity agreements entered into with the
13 state of Washington, are liable for and must pay the tax under RCW
14 82.38.030 to the department on ~~((special))~~ fuel used to operate motor
15 vehicles on the highways of this state. This provision does not apply
16 if the tax under RCW 82.38.030 has previously been imposed and paid by
17 the international fuel tax agreement licensee or if the use of such
18 fuel is exempt from the tax under this chapter.

19 **Sec. 105.** RCW 82.38.035 and 2007 c 515 s 23 are each amended to
20 read as follows:

21 (1) A licensed supplier ~~((shall be))~~ is liable for and must pay tax
22 on ~~((special))~~ fuel ~~((to the department))~~ as provided in RCW
23 82.38.030(7) (a) and (i). On a two-party exchange, or buy-sell
24 agreement between two licensed suppliers, the receiving exchange
25 partner or buyer shall be liable for and pay the tax.

26 (2) A refiner ~~((shall be))~~ is liable for and must pay tax ~~((to the~~
27 ~~department on special))~~ on fuel removed from a refinery as provided in
28 RCW 82.38.030(7)(b).

29 (3) A licensed ~~((importer shall be))~~ distributor is liable for and
30 must pay tax ~~((to the department on special fuel imported into this~~
31 ~~state))~~ on fuel as provided in RCW 82.38.030(7)(c).

32 (4) A licensed blender ~~((shall be))~~ is liable for and must pay tax
33 ~~((to the department on the removal or sale of blended special))~~ on fuel
34 as provided in RCW 82.38.030(7)~~((e))~~ (f).

35 (5) A licensed dyed special fuel user ~~((shall be))~~ is liable for

1 and must pay tax (~~((to the department on the use of dyed special))~~) on
2 fuel as provided in RCW 82.38.030(7)(~~(+f)~~) (g).

3 ~~(6) ((Nothing in this chapter prohibits the licensee liable for~~
4 ~~payment of the tax under this chapter from including as a part of the~~
5 ~~selling price an amount equal to such tax))~~ A terminal operator is
6 jointly and severally liable for and must pay tax on fuel if, at the
7 time of removal:

8 (a) The position holder of the fuel is a person other than the
9 terminal operator and is not a licensee;

10 (b) The terminal operator is not a licensee;

11 (c) The position holder has an expired internal revenue
12 notification certificate;

13 (d) The terminal operator has reason to believe that information on
14 the internal revenue notification certificate is false.

15 (7) A terminal operator is jointly and severally liable for and
16 must pay tax on special fuel if the special fuel is removed and is not
17 dyed or marked in accordance with internal revenue service
18 requirements, and the terminal operator provides a person with a bill
19 of lading, shipping paper, or similar document indicating the special
20 fuel is dyed or marked in accordance with internal revenue service
21 requirements.

22 (8) International fuel tax agreement licensees, or persons
23 operating motor vehicles under other reciprocity agreements entered
24 into with the state of Washington, are liable for and must pay tax on
25 fuel used to operate motor vehicles on state highways.

26 (9) Dyed special fuel users are liable for and must pay tax on dyed
27 special fuel used on state highways unless the use of the fuel is
28 exempt from the tax.

29 **Sec. 106.** RCW 82.38.050 and 2007 c 515 s 24 are each amended to
30 read as follows:

31 (1) A lessor ((who is engaged regularly in the business of leasing
32 or renting for compensation motor vehicles and equipment he owns
33 without drivers to carriers or other lessees for interstate operation,
34 may be deemed to be the special fuel user when he supplies or pays for
35 the special fuel consumed in such vehicles, and such lessor may be
36 issued an international fuel tax agreement license when application and
37 bond have been properly filed with and approved by the department for

1 such license. Any lessee may exclude motor vehicles of which he or she
2 is the lessee from reports and liabilities pursuant to this chapter,
3 but only if the motor vehicles in question have been leased from a
4 lessor holding a valid international fuel tax agreement license.

5 When the license has been secured, such lessor shall make and
6 assign to each motor vehicle leased for interstate operation a
7 photocopy of such license to be carried in the cab compartment of the
8 motor vehicle and on which shall be typed or printed on the back the
9 unit or motor number of the motor vehicle to which it is assigned and
10 the name of the lessee. Such lessor shall be responsible for the
11 proper use of such photocopy of the license issued and its return to
12 the lessor with the motor vehicle to which it is assigned)) leasing
13 motor vehicles without drivers to lessees for interstate operation, may
14 be the fuel user when the lessor supplies or pays for the fuel consumed
15 in the motor vehicles. Any lessee may exclude motor vehicles from
16 reports and liabilities pursuant to this chapter, but only if the
17 excluded motor vehicles have been leased from a lessor holding a valid
18 international fuel tax agreement license.

19 (2) The lessor ((shall be)) is responsible for fuel tax licensing
20 and reporting((, as required by this chapter, on)) for the operation of
21 ((all)) motor vehicles leased ((to others)) for less than thirty days.

22 **Sec. 107.** RCW 82.38.060 and 1996 c 90 s 1 are each amended to read
23 as follows:

24 ((In the event the tax on special fuel imported into this state in
25 the fuel supply tanks of motor vehicles for taxable use on Washington
26 highways can be more accurately determined on a mileage basis the
27 department is authorized to approve and adopt such basis. When a
28 special fuel user imports special fuel into or exports special fuel
29 from the state of Washington in the fuel supply tanks of motor
30 vehicles, the amount of special fuel consumed in such vehicles on
31 Washington highways shall be deemed to be such proportion of the total
32 amount of such special fuel consumed in his entire operations within
33 and without this state as the total number of miles traveled on the
34 public highways within this state bears to the total number of miles
35 traveled within and without the state. The department may also adopt
36 such mileage basis for determining the taxable use of special fuel used
37 in motor vehicles which travel regularly over prescribed courses on and

1 ~~off the highways within the state of Washington. In the absence of~~
2 ~~records showing the number of miles actually operated per gallon of~~
3 ~~special fuel consumed, fuel consumption shall be calculated at the rate~~
4 ~~of one gallon for every: (1) Four miles traveled by vehicles over~~
5 ~~forty thousand pounds gross vehicle weight; (2) seven miles traveled by~~
6 ~~vehicles twelve thousand one to forty thousand pounds gross vehicle~~
7 ~~weight; (3) ten miles traveled by vehicles six thousand one to twelve~~
8 ~~thousand pounds gross vehicle weight; and (4) sixteen miles traveled by~~
9 ~~vehicles six thousand pounds or less gross vehicle weight)) If tax on~~
10 ~~fuel placed in the fuel supply tanks of motor vehicles for taxable use~~
11 ~~on Washington highways can be more accurately determined on a mileage~~
12 ~~basis the department is authorized to adopt such basis. In the absence~~
13 ~~of records showing the number of miles actually operated per gallon of~~
14 ~~fuel consumed, fuel consumption must be calculated by the department.~~

15 **Sec. 108.** RCW 82.38.065 and 2002 c 183 s 3 are each amended to
16 read as follows:

17 A person may operate or maintain a licensed or required to be
18 licensed motor vehicle with dyed special fuel in the fuel supply tank
19 only if the use is authorized by the internal revenue code and the
20 person is either the holder of ((~~an uncanceled~~)) a dyed special fuel
21 user license or the use is exempt from the special fuel tax. A person
22 may maintain dyed special fuel for a taxable use in bulk storage if the
23 person is the holder of ((~~an uncanceled~~)) a dyed special fuel user
24 license issued under this chapter. ((~~The special fuel tax set forth in~~
25 ~~RCW 82.38.030 is imposed on users of dyed special fuel authorized by~~
26 ~~the internal revenue code to operate on highway motor vehicles using~~
27 ~~dyed special fuel, unless the use is exempt from the special fuel tax.~~
28 ~~It is unlawful for any person to sell, use, hold for sale, or hold for~~
29 ~~intended use dyed special fuel in a manner in violation of this~~
30 ~~chapter.~~))

31 **Sec. 109.** RCW 82.38.066 and 1998 c 176 s 57 are each amended to
32 read as follows:

33 (1) Special fuel ((~~that is dyed~~)) satisfies the dyeing and marking
34 requirements of this chapter if it meets the dyeing and marking
35 requirements of the internal revenue service, including, but not
36 limited to, requirements respecting type, dosage, and timing.

1 (2) (~~Marking must meet the marking requirements of the internal~~
2 ~~revenue service.~~

3 ~~(3) As required by the internal revenue service,~~) Notice is
4 required with respect to dyed special fuel. A notice stating "DYED
5 DIESEL FUEL, NONTAXABLE USE ONLY, PENALTY FOR TAXABLE USE" must be:

6 (a) Provided by the terminal operator to a person who receives dyed
7 special fuel at a terminal rack (~~of that terminal operator~~);

8 (b) Provided by a seller of dyed special fuel to (~~its~~) the buyer
9 if the special fuel is located outside the bulk transfer-terminal
10 system and is not sold from a retail pump posted in accordance with the
11 requirements of this subsection; or

12 (c) Posted by a seller on a retail pump (~~where it sells dyed~~
13 ~~special fuel for use by its buyer~~) dispensing dyed special fuel and
14 provided by the seller of dyed special fuel to the buyer at the retail
15 pump.

16 **Sec. 110.** RCW 82.38.075 and 1983 c 212 s 1 are each amended to
17 read as follows:

18 (~~In order~~) (1) To encourage the use of nonpolluting fuels, an
19 annual license fee in lieu of the tax imposed by RCW 82.38.030 (~~shall~~
20 be) is imposed upon the use of natural gas (~~as defined in this~~
21 chapter or on liquified petroleum gas, commonly called propane, which
22 is used in any motor vehicle, as defined in RCW 46.04.320, which shall
23 be based upon the following schedule as adjusted by the formula set out
24 below) or propane used in any motor vehicle. The annual license fee
25 must be based upon the following schedule and formula:

VEHICLE TONNAGE (GVW)	FEE
0 - 6,000	\$45
6,001 - 10,000	\$45
10,001 - 18,000	\$80
18,001 - 28,000	\$110
28,001 - 36,000	\$150
36,001 and above	\$250

33 (2) To determine the (~~actual annual license fee imposed by this~~
34 section for a registration year, the appropriate dollar amount set out

1 ~~in the above schedule shall be multiplied by the motor vehicle fuel tax~~
2 ~~rate in cents per gallon as established by RCW 82.36.025)) annual~~
3 ~~license fee for a registration year, the appropriate dollar amount in~~
4 ~~the schedule is multiplied by the fuel tax rate per gallon effective on~~
5 ~~July 1st of the preceding calendar year and the product ((thereof shall~~
6 ~~be)) is divided by 12 cents.~~

7 ~~(3) The department ((of licensing, in addition to the foregoing~~
8 ~~fee, shall charge a further fee of five dollars as a handling charge~~
9 ~~for each license issued.~~

10 ~~The director of licensing shall be authorized to prorate the~~
11 ~~vehicle tonnage fee so that the annual license required by this~~
12 ~~section)), in addition to the resulting fee, must charge an additional~~
13 ~~fee of five dollars as a handling charge for each license issued.~~

14 ~~(4) The vehicle tonnage fee must be prorated so the annual license~~
15 ~~will correspond with the staggered vehicle licensing system.~~

16 ~~(5) A decal or other identifying device issued upon payment of~~
17 ~~((these annual fees shall)) the annual fee must be displayed as~~
18 ~~prescribed by the department as authority to purchase this fuel.~~

19 ~~(6) Persons selling or dispensing natural gas or propane may not~~
20 ~~sell or dispense this fuel for their own use or the use of others into~~
21 ~~tanks of vehicles powered by this fuel which do not display a valid~~
22 ~~decal or other identifying device ((as provided in this section)).~~

23 ~~(7) Vehicles registered in jurisdictions outside the state of~~
24 ~~Washington are exempt from this section.~~

25 ~~(8) Any person selling or dispensing natural gas or propane into~~
26 ~~the tank of a motor vehicle powered by this fuel, except as prescribed~~
27 ~~in this chapter, is subject to the penalty provisions of this chapter.~~

28 **Sec. 111.** RCW 82.38.080 and 2009 c 352 s 1 are each amended to
29 read as follows:

30 ~~(1) ((There is exempted from the tax imposed by this chapter, the~~
31 ~~use of fuel for:~~

32 ~~(a) Street and highway construction and maintenance purposes in~~
33 ~~motor vehicles owned and operated by the state of Washington, or any~~
34 ~~county or municipality;~~

35 ~~(b) Publicly owned firefighting equipment;~~

36 ~~(c) Special mobile equipment as defined in RCW 46.04.552;~~

1 ~~(d) Power pumping units or other power take-off equipment of any~~
2 ~~motor vehicle which is accurately measured by metering devices that~~
3 ~~have been specifically approved by the department or which is~~
4 ~~established by any of the following formulae:~~

5 ~~(i) Pumping propane, or fuel or heating oils or milk picked up from~~
6 ~~a farm or dairy farm storage tank by a power take-off unit on a~~
7 ~~delivery truck, at a rate determined by the department: PROVIDED, That~~
8 ~~claimant when presenting his or her claim to the department in~~
9 ~~accordance with this chapter, shall provide to the claim, invoices of~~
10 ~~propane, or fuel or heating oil delivered, or such other appropriate~~
11 ~~information as may be required by the department to substantiate his or~~
12 ~~her claim;~~

13 ~~(ii) Operating a power take-off unit on a cement mixer truck or a~~
14 ~~load compactor on a garbage truck at the rate of twenty-five percent of~~
15 ~~the total gallons of fuel used in such a truck; or~~

16 ~~(iii) The department is authorized to establish by rule additional~~
17 ~~formulae for determining fuel usage when operating other types of~~
18 ~~equipment by means of power take-off units when direct measurement of~~
19 ~~the fuel used is not feasible. The department is also authorized to~~
20 ~~adopt rules regarding the usage of on board computers for the~~
21 ~~production of records required by this chapter;~~

22 ~~(e) Motor vehicles owned and operated by the United States~~
23 ~~government;~~

24 ~~(f) Heating purposes;~~

25 ~~(g) Moving a motor vehicle on a public highway between two pieces~~
26 ~~of private property when said moving is incidental to the primary use~~
27 ~~of the motor vehicle;~~

28 ~~(h) Transportation services for persons with special transportation~~
29 ~~needs by a private, nonprofit transportation provider regulated under~~
30 ~~chapter 81.66 RCW;~~

31 ~~(i) Vehicle refrigeration units, mixing units, or other equipment~~
32 ~~powered by separate motors from separate fuel tanks;~~

33 ~~(j) The operation of a motor vehicle as a part of or incidental to~~
34 ~~logging operations upon a highway under federal jurisdiction within the~~
35 ~~boundaries of a federal area if the federal government requires a fee~~
36 ~~for the privilege of operating the motor vehicle upon the highway, the~~
37 ~~proceeds of which are reserved for constructing or maintaining roads in~~

1 ~~the federal area, or requires maintenance or construction work to be~~
2 ~~performed on the highway for the privilege of operating the motor~~
3 ~~vehicle on the highway; and~~

4 ~~(k) Waste vegetable oil as defined under RCW 82.08.0205 if the oil~~
5 ~~is used to manufacture biodiesel.~~

6 ~~(2) There is exempted from the tax imposed by this chapter the~~
7 ~~removal or entry of special fuel under the following circumstances and~~
8 ~~conditions:~~

9 ~~(a) If it is the removal from a terminal or refinery of, or the~~
10 ~~entry or sale of, a special fuel if all of the following apply:~~

11 ~~(i) The person otherwise liable for the tax is a licensee other~~
12 ~~than a dyed special fuel user or international fuel tax agreement~~
13 ~~licensee;~~

14 ~~(ii) For a removal from a terminal, the terminal is a licensed~~
15 ~~terminal; and~~

16 ~~(iii) The special fuel satisfies the dyeing and marking~~
17 ~~requirements of this chapter;~~

18 ~~(b) If it is an entry or removal from a terminal or refinery of~~
19 ~~taxable special fuel transferred to a refinery or terminal and the~~
20 ~~persons involved, including the terminal operator, are licensed; and~~

21 ~~(c)(i) If it is a special fuel that, under contract of sale, is~~
22 ~~shipped to a point outside this state by a supplier by means of any of~~
23 ~~the following:~~

24 ~~(A) Facilities operated by the supplier;~~

25 ~~(B) Delivery by the supplier to a carrier, customs broker, or~~
26 ~~forwarding agent, whether hired by the purchaser or not, for shipment~~
27 ~~to the out-of-state point;~~

28 ~~(C) Delivery by the supplier to a vessel clearing from port of this~~
29 ~~state for a port outside this state and actually exported from this~~
30 ~~state in the vessel.~~

31 ~~(ii) For purposes of this subsection (2)(c):~~

32 ~~(A) "Carrier" means a person or firm engaged in the business of~~
33 ~~transporting for compensation property owned by other persons, and~~
34 ~~includes both common and contract carriers; and~~

35 ~~(B) "Forwarding agent" means a person or firm engaged in the~~
36 ~~business of preparing property for shipment or arranging for its~~
37 ~~shipment.~~

1 ~~(3)(a) Notwithstanding any provision of law to the contrary, every~~
2 ~~privately owned urban passenger transportation system and carriers as~~
3 ~~defined by chapters 81.68 and 81.70 RCW shall be exempt from the~~
4 ~~provisions of this chapter requiring the payment of special fuel taxes.~~
5 ~~For the purposes of this section "privately owned urban passenger~~
6 ~~transportation system" means every privately owned transportation~~
7 ~~system having as its principal source of revenue the income from~~
8 ~~transporting persons for compensation by means of motor vehicles or~~
9 ~~trackless trolleys, each having a seating capacity for over fifteen~~
10 ~~persons over prescribed routes in such a manner that the routes of such~~
11 ~~motor vehicles or trackless trolleys, either alone or in conjunction~~
12 ~~with routes of other such motor vehicles or trackless trolleys subject~~
13 ~~to routing by the same transportation system, shall not extend for a~~
14 ~~distance exceeding twenty five road miles beyond the corporate limits~~
15 ~~of the county in which the original starting points of such motor~~
16 ~~vehicles are located: PROVIDED, That no refunds or credits shall be~~
17 ~~granted on special fuel used by any privately owned urban~~
18 ~~transportation vehicle, or vehicle operated pursuant to chapters 81.68~~
19 ~~and 81.70 RCW, on any trip where any portion of the trip is more than~~
20 ~~twenty five road miles beyond the corporate limits of the county in~~
21 ~~which the trip originated.~~

22 ~~(b) Every publicly owned and operated urban passenger~~
23 ~~transportation system is exempt from the provisions of this chapter~~
24 ~~that require the payment of special fuel taxes. For the purposes of~~
25 ~~this subsection, "publicly owned and operated urban passenger~~
26 ~~transportation systems" include public transportation benefit areas~~
27 ~~under chapter 36.57A RCW, metropolitan municipal corporations under~~
28 ~~chapter 36.56 RCW, city-owned transit systems under chapter 35.58 RCW,~~
29 ~~county public transportation authorities under chapter 36.57 RCW,~~
30 ~~unincorporated transportation benefit areas under chapter 36.57 RCW,~~
31 ~~and regional transit authorities under chapter 81.112 RCW)) The~~
32 ~~following sales of special fuel are exempt from payment of the tax~~
33 ~~imposed by this chapter:~~

34 (a) Sales to the state of Washington, any county, or any
35 municipality when the fuel is used for street and highway construction
36 and maintenance purposes in motor vehicles owned and operated by the
37 state, county, or municipality;

38 (b) Sales for use in publicly owned firefighting equipment;

1 (c) Sales to the United States government;

2 (d) Sales to a private, nonprofit transportation provider regulated
3 under chapter 81.66 RCW when the fuel is for use in providing
4 transportation services for persons with special transportation needs;

5 (e) Sales of waste vegetable oil as defined under RCW 82.08.0205,
6 if the oil is used to manufacture biodiesel;

7 (f)(i) Sales to privately owned urban passenger transportation
8 systems and carriers as defined in chapters 81.68 and 81.70 RCW. No
9 exemption or refund may be granted for special fuel used by any
10 privately owned urban transportation vehicle, or vehicle operated
11 pursuant to chapters 81.68 and 81.70 RCW, on any trip where any portion
12 of the trip is more than twenty-five road miles beyond the corporate
13 limits of the county in which the trip originated.

14 (ii) For purposes of this subsection (1)(f), "privately owned urban
15 passenger transportation system" means every privately owned
16 transportation system having as its principal source of revenue the
17 income from transporting persons for compensation by means of motor
18 vehicles or trackless trolleys, each having a seating capacity for over
19 fifteen persons over prescribed routes in such a manner that the routes
20 of such motor vehicles or trackless trolleys, either alone or in
21 conjunction with routes of other such motor vehicles or trackless
22 trolleys subject to routing by the same transportation system, do not
23 extend for a distance exceeding twenty-five road miles beyond the
24 corporate limits of the county in which the original starting points of
25 such motor vehicles or trackless trolleys are located; and

26 (g)(i) Sales to publicly owned and operated urban passenger
27 transportation systems.

28 (ii) For the purposes of this subsection (1)(g), "publicly owned
29 and operated urban passenger transportation systems" include public
30 transportation benefit areas under chapter 36.57A RCW, metropolitan
31 municipal corporations under chapter 36.56 RCW, city owned transit
32 systems under chapter 35.58 RCW, county public transportation
33 authorities under chapter 36.57 RCW, unincorporated transportation
34 benefit areas under chapter 36.57 RCW, and regional transit authorities
35 under chapter 81.112 RCW.

36 (2) The following sales of motor vehicle fuel are exempt from
37 payment of the tax imposed by this chapter:

1 (a) Sales to the armed forces of the United States or to the
2 national guard when the fuel is used exclusively in ships or for export
3 from this state;

4 (b) Sales to foreign diplomatic and consular missions, if the
5 foreign government represented grants an equivalent exemption to
6 missions and personnel of the United States performing similar services
7 in the foreign country; and

8 (c) Sales of fuel used exclusively for racing that is not legally
9 allowed on the public highways of this state.

10 **Sec. 112.** RCW 82.38.090 and 1998 c 176 s 61 are each amended to
11 read as follows:

12 (1) It (~~shall be~~) is unlawful for any person to engage in
13 business in this state as any of the following unless the person is the
14 holder of (~~an uncanceled~~) a license issued (~~to him or her~~) by the
15 department authorizing the person to engage in that business:

16 (a) (~~Special~~) Fuel supplier;

17 (b) (~~Special~~) Fuel distributor;

18 (c) (~~Special fuel exporter;~~

19 ~~(d) Special fuel importer;~~

20 ~~(e) Special~~) Fuel blender;

21 (~~(f)~~) (d) Terminal operator;

22 (e) Dyed special fuel user; or

23 (~~(g)~~) (f) International fuel tax agreement licensee.

24 (2) A person engaged in more than one activity for which a license
25 is required must have a separate license classification for each
26 activity(~~, but a special~~); however, a fuel supplier is not required
27 to obtain a separate license classification for (~~any other activity~~
28 for which a license is required) fuel distributor or fuel blender.

29 (3) (~~Special~~) Fuel users operating motor vehicles in interstate
30 commerce having two axles and a gross vehicle weight or registered
31 gross vehicle weight not exceeding twenty-six thousand pounds are not
32 required to be licensed. (~~Special~~) Fuel users operating motor
33 vehicles in interstate commerce having two axles and a gross vehicle
34 weight or registered gross vehicle weight exceeding twenty-six thousand
35 pounds, or having three or more axles regardless of weight, or a
36 combination of vehicles, when the combination exceeds twenty-six
37 thousand pounds gross vehicle weight, must comply with the licensing

1 and reporting requirements of this chapter. A copy of the license must
2 be carried in each motor vehicle entering this state from another state
3 or province.

4 **Sec. 113.** RCW 82.38.110 and 2002 c 352 s 26 are each amended to
5 read as follows:

6 (1) ~~Application for a license ((issued under this chapter shall be~~
7 ~~made to the department. The application shall be filed upon a form~~
8 ~~prepared and furnished by the department and shall contain such~~
9 ~~information as the department deems necessary.~~

10 (2) ~~Every application for a special fuel license, other than an~~
11 ~~application for a dyed special fuel user or international fuel tax~~
12 ~~agreement license, must contain the following information to the extent~~
13 ~~it applies to the applicant:~~

14 (a) ~~Proof as the department shall require concerning the~~
15 ~~applicant's identity, including but not limited to his or her~~
16 ~~fingerprints or those of the officers of a corporation making the~~
17 ~~application;~~

18 (b) ~~The applicant's form and place of organization including proof~~
19 ~~that the individual, partnership, or corporation is licensed to do~~
20 ~~business in this state;~~

21 (c) ~~The qualification and business history of the applicant and any~~
22 ~~partner, officer, or director;~~

23 (d) ~~The applicant's financial condition or history including a bank~~
24 ~~reference and whether the applicant or any partner, officer, or~~
25 ~~director has ever been adjudged bankrupt or has an unsatisfied judgment~~
26 ~~in a federal or state court;~~

27 (e) ~~Whether the applicant has been adjudged guilty of a crime that~~
28 ~~directly relates to the business for which the license is sought and~~
29 ~~the time elapsed since the conviction is less than ten years, or has~~
30 ~~suffered a judgment within the preceding five years in a civil action~~
31 ~~involving fraud, misrepresentation, or conversion and in the case of a~~
32 ~~corporation or partnership, all directors, officers, or partners.~~

33 (3) ~~An applicant for a license as a special fuel importer must list~~
34 ~~on the application each state, province, or country from which the~~
35 ~~applicant intends to import fuel and, if required by the state,~~
36 ~~province, or country listed, must be licensed or registered for special~~
37 ~~fuel tax purposes in that state, province, or country.~~

1 ~~(4) An applicant for a license as a special fuel exporter must list~~
2 ~~on the application each state, province, or country to which the~~
3 ~~exporter intends to export special fuel received in this state by means~~
4 ~~of a transfer outside the bulk transfer terminal system and, if~~
5 ~~required by the state, province, or country listed, must be licensed or~~
6 ~~registered for special fuel tax purposes in that state, province, or~~
7 ~~country.~~

8 ~~(5) An applicant for a license as a special fuel supplier must have~~
9 ~~a federal certificate of registry that is issued under the internal~~
10 ~~revenue code and authorizes the applicant to enter into federal tax-~~
11 ~~free transactions on special fuel in the terminal transfer system.~~

12 ~~(6) After receipt of an application for a license, the director~~
13 ~~shall conduct an investigation to determine whether the facts set forth~~
14 ~~are true. The director shall require a fingerprint record check of the~~
15 ~~applicant through the Washington state patrol criminal identification~~
16 ~~system and the federal bureau of investigation before issuance of a~~
17 ~~license. The results of the background investigation including~~
18 ~~criminal history information may be released to authorized department~~
19 ~~personnel as the director deems necessary. The department shall charge~~
20 ~~a license holder or license applicant a fee of fifty dollars for each~~
21 ~~background investigation conducted.~~

22 ~~(7) An applicant who makes a false statement of a material fact on~~
23 ~~the application may be prosecuted for false swearing as defined by RCW~~
24 ~~9A.72.040.~~

25 ~~(8) A special fuel license may not be issued to any person or~~
26 ~~continued in force unless such person has furnished bond, as defined in~~
27 ~~RCW 82.38.020, in such form as the department may require, to secure~~
28 ~~his or her compliance with this chapter, and the payment of any and all~~
29 ~~taxes, interest, and penalties due and to become due hereunder. The~~
30 ~~requirement of furnishing a bond may be waived: (a) For special fuel~~
31 ~~distributors who only deliver special fuel into the fuel tanks of~~
32 ~~marine vessels; (b) for dyed special fuel users; (c) for persons issued~~
33 ~~licenses under the international fuel tax agreement; or (d) for~~
34 ~~licensed special fuel distributors who, upon determination by the~~
35 ~~department, have sufficient resources, assets, other financial~~
36 ~~instruments, or other means to adequately make payments on the~~
37 ~~estimated monthly motor vehicle fuel tax payments, penalties, and~~

1 ~~interest arising out of this chapter. The department shall adopt rules~~
2 ~~to administer this section.~~

3 ~~(9) The department may require a licensee to post a bond if the~~
4 ~~licensee, after having been licensed, has failed to file timely reports~~
5 ~~or has failed to remit taxes due, or when an investigation or audit~~
6 ~~indicates problems severe enough that the department, in its~~
7 ~~discretion, determines that a bond is required to protect the interests~~
8 ~~of the state. The department may also adopt rules prescribing~~
9 ~~conditions that, in the department's discretion, require a bond to~~
10 ~~protect the interests of the state.~~

11 ~~(10) The total amount of the bond or bonds required of any licensee~~
12 ~~shall be equivalent to three times the estimated monthly fuel tax,~~
13 ~~determined in such manner as the department may deem proper: PROVIDED,~~
14 ~~That those licensees having held a special fuel license for five or~~
15 ~~more years without having said license suspended or revoked by the~~
16 ~~department shall be permitted to reduce the amount of their bond to~~
17 ~~twice the estimated monthly tax liability: PROVIDED FURTHER, That the~~
18 ~~total amount of the bond or bonds shall never be less than five hundred~~
19 ~~dollars nor more than one hundred thousand dollars.~~

20 ~~(11) An application for a dyed special fuel user license must be~~
21 ~~made to the department. The application must be filed upon a form~~
22 ~~prescribed by the department and contain such information as the~~
23 ~~department deems necessary.~~

24 ~~(12) An application for an international fuel tax agreement license~~
25 ~~must be made to the department. The application must be filed upon a~~
26 ~~form prescribed by the department and contain such information as the~~
27 ~~department may require. The department shall charge a fee of ten~~
28 ~~dollars per set of International Fuel Tax Agreement decals issued to~~
29 ~~each applicant or licensee. The department shall transmit the fee to~~
30 ~~the state treasurer for deposit in the motor vehicle fund)) must be~~
31 ~~made to the department. The application must be filed in a manner~~
32 ~~prescribed by the department and must contain information the~~
33 ~~department requires. For purposes of this section, the term~~
34 ~~"applicant" has the same meaning as "person" as provided in RCW~~
35 ~~82.38.020.~~

36 ~~(2) An application for a license other than an application for a~~
37 ~~dyed special fuel user or international fuel tax agreement license must~~

1 contain the following information to the extent it applies to the
2 applicant:

3 (a) Proof the department may require concerning the applicant's
4 identity;

5 (b) The applicant's business structure and place of business,
6 including proof the applicant is licensed to conduct business in this
7 state;

8 (c) The employment history of the applicant and partner, officer,
9 or director;

10 (d) A bank reference and whether the applicant or partner, officer,
11 or director has ever been adjudged bankrupt or has an unsatisfied
12 judgment;

13 (e) Whether the applicant or partner, officer, or director has been
14 convicted of a crime or suffered a civil judgment directly related to
15 the distribution and sale of fuel within the last ten years.

16 (3) An applicant must identify each state, province, or country the
17 applicant intends to import fuel from by means other than bulk transfer
18 and must maintain the appropriate license required of each state,
19 province, or country.

20 (4) An applicant must identify each state, province, or country the
21 applicant intends to export fuel to by means other than bulk transfer
22 and must maintain the appropriate license required of each state,
23 province, or country.

24 (5) An applicant for a fuel supplier or terminal operator license
25 must have the appropriate federal certificate of registry issued by the
26 internal revenue service for the activity in which the applicant is
27 engaging.

28 (6) An applicant must submit a surety bond in an amount, form, and
29 manner set by the department. In lieu of a bond, a licensed
30 distributor may provide evidence to the department of sufficient assets
31 to adequately meet fuel tax payments, penalties, interest, or other
32 obligations arising out of this chapter.

33 (7) An application for a dyed special fuel user license must be
34 made in a manner prescribed by the department.

35 (8) An application for an international fuel tax agreement license
36 must be made in a manner prescribed by the department. A fee of ten
37 dollars per set of international fuel tax agreement decals issued to
38 each applicant or licensee must be charged.

1 (9) For the purpose of considering any application for a license,
2 the department may inspect, cause an inspection, investigate, or cause
3 an investigation of the records of this or any other state, Canadian
4 province, country, or the federal government to ascertain the veracity
5 of the information on the application and the applicant's criminal,
6 civil, and licensing history.

7 **Sec. 114.** RCW 82.38.120 and 1998 c 176 s 64 and 1998 c 115 s 4 are
8 each reenacted and amended to read as follows:

9 ~~((Upon receipt and approval of an application and bond, if~~
10 ~~required, the department shall issue a license to the applicant.~~
11 ~~However, the department may refuse to issue a license to any person:~~

12 ~~(1) Who formerly held a license issued under chapter 82.36 or 82.42~~
13 ~~RCW or this chapter which, prior to the time of filing for application,~~
14 ~~has been revoked for cause;~~

15 ~~(2) Who is a subterfuge for the real party in interest whose~~
16 ~~license prior to the time of filing for application, has been revoked~~
17 ~~for cause;~~

18 ~~(3) Who, as an individual licensee, or officer, director, owner, or~~
19 ~~managing employee of a nonindividual licensee, has had a special fuel~~
20 ~~license)) (1) The department may refuse to issue to, or suspend or~~
21 revoke a license of any licensee or applicant:

22 (a) Who formerly held a license issued under chapter 82.36, 82.38,
23 82.42, or 46.87 RCW which has been suspended or revoked for cause;

24 (b) Who is a subterfuge for the real party in interest whose
25 license issued under chapter 82.36, 82.38, 82.42, or 46.87 RCW has been
26 revoked for cause;

27 (c) Who, as an individual licensee, or partner, officer, director,
28 owner, or managing employee of a licensee, has had a license issued
29 under chapter 82.36, 82.38, 82.42, or 46.87 RCW denied, suspended, or
30 revoked for cause;

31 ~~((+4)) (d) Who has an unsatisfied debt to the state assessed under~~
32 ~~either chapter 82.36, 82.38, 82.42, or 46.87((, or 82.42)) RCW;~~

33 ~~((+5)) (e) Who formerly held as an individual, partner, officer,~~
34 ~~director, owner, managing employee of a ((nonindividual)) licensee, or~~
35 ~~subterfuge for a real party in interest, a license issued by the~~
36 ~~federal government or a state that allowed a person to buy or sell~~

1 untaxed motor vehicle ~~((or))~~, special, or aircraft fuel, which
2 ~~((license, before the time of filing for application,))~~ has been
3 suspended or revoked for cause;

4 ~~((+6))~~ (f) Who pled guilty to or was convicted as an individual,
5 partner, officer, director, owner, or managing employee of a
6 ~~((nonindividual))~~ licensee in this or any other state, Canadian
7 province, or in any federal jurisdiction of a gross misdemeanor or
8 felony crime directly related to the fuel distribution business or has
9 been subject to a civil judgment involving fraud, misrepresentation,
10 conversion, or dishonesty, notwithstanding chapter 9.96A RCW;

11 ~~((+7))~~ (g) Who misrepresented or concealed a material fact in
12 obtaining a license or ~~((in reinstatement thereof))~~ reinstating a
13 license;

14 ~~((+8))~~ (h) Who violated a statute or administrative rule
15 regulating fuel taxation or distribution;

16 ~~((+9))~~ (i) Who failed to cooperate with the department's
17 investigations by:

18 ~~((+a))~~ (i) Not furnishing papers or documents;

19 ~~((+b))~~ (ii) Not furnishing in writing a full and complete
20 explanation regarding a matter under investigation by the department;
21 or

22 ~~((+c))~~ (iii) Not responding to subpoenas issued by the department,
23 whether or not the recipient of the subpoena is the subject of the
24 proceeding;

25 ~~((+10))~~ (j) Who failed to comply with an order issued by the
26 director; or

27 ~~((+11))~~ (k) Upon other sufficient cause being shown.

28 (2) Before ~~((such))~~ a refusal under this section, the department
29 ~~((shall))~~ must grant the applicant a hearing and ~~((shall))~~ must grant
30 the applicant at least twenty days written notice of the time and place
31 thereof.

32 ~~((The department shall determine from the information shown in the~~
33 ~~application or other investigation the kind and class of license to be~~
34 ~~issued. For the purpose of considering any application for a special~~
35 ~~fuel license, the department may inspect, cause an inspection,~~
36 ~~investigate, or cause an investigation of the records of this or any~~
37 ~~other state or of the federal government to ascertain the veracity of~~

1 the information on the application form and the applicant's criminal
2 and licensing history.

3 All licenses shall be posted in a conspicuous place or kept
4 available for inspection at the principal place of business of the
5 owner thereof. License holders shall reproduce the license by
6 photostat or other method and keep a copy on display for ready
7 inspection at each additional place of business or other place of
8 storage from which special fuel is sold, delivered or used and in each
9 motor vehicle used by the license holder to transport special fuel
10 purchased by him or her for resale, delivery or use.

11 Each special fuel license shall be valid until the expiration date
12 if shown on the license, or until suspended or revoked for cause or
13 otherwise canceled.

14 No special fuel license shall be transferable.))

15 **Sec. 115.** RCW 82.38.140 and 2007 c 515 s 27 are each amended to
16 read as follows:

17 (1) Every ((licensee and every)) person importing, manufacturing,
18 refining, transporting, blending, or storing ((special fuel in this
19 state shall)) fuel must keep for a period of ((not less than)) five
20 years open to inspection at all times during the business hours of the
21 day to the department or its authorized representatives, a complete
22 record of all ((special)) fuel purchased or received and all ((of such
23 products)) fuel sold, delivered, or used by them. ((Such records
24 shall)) Records must show:

25 (a) The date of ((each)) receipt;

26 (b) The name and address of the person from whom purchased or
27 received;

28 (c) The number of gallons received at each place of business or
29 place of storage in the state of Washington;

30 (d) The date of ((each)) sale or delivery;

31 (e) The number of gallons sold, delivered, or used for taxable
32 purposes;

33 (f) The number of gallons sold, delivered, or used for any purpose
34 not subject to the ((tax imposed in this chapter)) fuel tax;

35 (g) The name, address, and ((special)) fuel license number of the
36 purchaser if the ((special)) fuel tax is not collected on the sale or
37 delivery;

1 (h) The physical inventories of (~~special fuel~~) fuel and petroleum
2 products on hand at each place of business at the end of each month;

3 (i) Stocks of raw gasoline, gasoline stock, diesel oil, kerosene,
4 kerosene distillates, casing head gasoline and other petroleum products
5 which may be used in the compounding, blending, or manufacturing of
6 fuel.

7 (2)(a) All international fuel tax agreement licensees and dyed
8 special fuel users authorized to use dyed special fuel on highways in
9 vehicles licensed for highway operation (~~shall~~) must maintain
10 detailed mileage records on an individual vehicle basis.

11 (b) (~~Such~~) Operating records (~~shall~~) must show both on-highway
12 and off-highway usage of special fuel on a daily basis for each
13 vehicle.

14 (c) In the absence of operating records that show both on-highway
15 and off-highway usage of special fuel on a daily basis for each
16 vehicle, fuel consumption must be computed under RCW 82.38.060.

17 (3) The department may require a person other than a licensee
18 engaged in the business of selling, purchasing, distributing, storing,
19 transporting, or delivering (~~special~~) fuel to submit periodic reports
20 to the department regarding the disposition of the fuel. The reports
21 must be on forms prescribed by the department and must contain such
22 information as the department may require.

23 (4) Every person operating any conveyance (~~for the purpose of~~
24 ~~hauling,~~) transporting(~~, or delivering special~~) fuel in bulk (~~shall~~
25 ~~have and~~) must possess during the entire time (~~the person is hauling~~
26 ~~special fuel,~~) an invoice, bill of sale, or other statement showing
27 the name, address, and license number of the seller or consigner, the
28 destination, name, and address of the purchaser or consignee, license
29 number, if applicable, and the number of gallons. The person (~~hauling~~
30 ~~such special fuel shall~~) transporting fuel must at the request of any
31 law enforcement officer or authorized representative of the department,
32 (~~or other person authorized by law to inquire into, or investigate~~
33 ~~those types of matters, produce for inspection such invoice, bill of~~
34 ~~sale, or other statement and shall permit such official to inspect and~~
35 ~~gauge~~) produce for inspection required records and must permit
36 inspection of the contents of the vehicle.

1 **Sec. 116.** RCW 82.38.150 and 2008 c 181 s 506 are each amended to
2 read as follows:

3 (1) For the purpose of determining the amount of liability for the
4 tax (~~herein imposed, and to periodically update license information,~~
5 ~~each licensee, other than a special fuel distributor, an international~~
6 ~~fuel tax agreement licensee, or a dyed special fuel user, shall file~~
7 ~~monthly tax reports with the department, on forms prescribed by the~~
8 ~~department.~~

9 ~~(2) Dyed special fuel users whose estimated yearly tax liability is~~
10 ~~two hundred fifty dollars or less, shall file a report yearly, and dyed~~
11 ~~special fuel users whose estimated yearly tax liability is more than~~
12 ~~two hundred fifty dollars, shall file reports quarterly. Special fuel~~
13 ~~users licensed under the international fuel tax agreement shall file~~
14 ~~reports quarterly. Heating oil dealers subject to the pollution~~
15 ~~liability insurance agency fee and reporting requirements shall remit~~
16 ~~pollution liability insurance agency returns and any associated payment~~
17 ~~due to the department annually.~~

18 ~~(3) The department shall establish the reporting frequency for each~~
19 ~~applicant at the time the special fuel license is issued. If it~~
20 ~~becomes apparent that any licensee is not reporting in accordance with~~
21 ~~the above schedule, the department shall change the licensee's~~
22 ~~reporting frequency by giving thirty days' notice to the licensee by~~
23 ~~mail to the licensee's address of record. A report shall be filed with~~
24 ~~the department even though no special fuel was used, or tax is due, for~~
25 ~~the reporting period. Each tax report shall contain a declaration by~~
26 ~~the person making the same, to the effect that the statements contained~~
27 ~~therein are true and are made under penalties of perjury, which~~
28 ~~declaration shall have the same force and effect as a verification of~~
29 ~~the report and is in lieu of such verification. The report shall show~~
30 ~~such information as the department may reasonably require for the~~
31 ~~proper administration and enforcement of this chapter. A licensee~~
32 ~~shall file a tax report on or before the twenty fifth day of the next~~
33 ~~succeeding calendar month following the period to which it relates.~~

34 ~~(4) Subject to the written approval of the department, tax reports~~
35 ~~may cover a period ending on a day other than the last day of the~~
36 ~~calendar month. Taxpayers granted approval to file reports in this~~
37 ~~manner will file such reports on or before the twenty fifth day~~

1 following the end of the reporting period. No change to this reporting
2 period will be made without the written authorization of the
3 department.

4 (5) If the final filing date falls on a Saturday, Sunday, or legal
5 holiday the next secular or business day shall be the final filing
6 date. Such reports shall be considered filed or received on the date
7 shown by the post office cancellation mark stamped upon an envelope
8 containing such report properly addressed to the department, or on the
9 date it was mailed if proof satisfactory to the department is available
10 to establish the date it was mailed.

11 (6) The department, if it deems it necessary in order to insure
12 payment of the tax imposed by this chapter, or to facilitate the
13 administration of this chapter, has the authority to require the filing
14 of reports and tax remittances at shorter intervals than one month if,
15 in its opinion, an existing bond has become insufficient.

16 (7)) imposed under this chapter, each licensee, other than an
17 international fuel tax agreement licensee or a dyed special fuel user,
18 must file monthly tax reports with the department.

19 (2) Dyed special fuel users whose estimated yearly tax liability is
20 two hundred fifty dollars or less, must file a report yearly, and dyed
21 special fuel users whose estimated yearly tax liability is more than
22 two hundred fifty dollars, must file reports quarterly. International
23 fuel tax agreement licensees must file reports quarterly. Heating oil
24 dealers subject to the pollution liability insurance agency fee must
25 file reports annually.

26 (3) A licensee, other than international fuel tax agreement
27 licensee, must file a tax report on or before the twenty-fifth day of
28 the calendar month following the reporting period to which it relates.
29 A report must be filed even though no tax is due for the reporting
30 period. Each report must contain a declaration that the statements
31 contained therein are true and are made under penalties of perjury.
32 The report must show information as the department may reasonably
33 require for the proper administration and enforcement of this chapter.

34 (4) If the filing date falls on a Saturday, Sunday, or legal
35 holiday the next secular or business day is the filing date.

36 (5) The department in order to insure payment of the tax or to
37 facilitate administration of this chapter, may require the filing of
38 reports and tax remittances at intervals other than one month.

1 (6) During a state of emergency declared under RCW 43.06.010(12),
2 the department, on its own motion or at the request of any taxpayer
3 affected by the emergency, may extend the time for filing any report or
4 the due date for tax remittances as the department deems proper.

5 **Sec. 117.** RCW 82.38.160 and 2005 c 260 s 2 are each amended to
6 read as follows:

7 (1) The tax (~~((imposed by this chapter shall))~~) must be computed by
8 multiplying the tax rate per gallon (~~((provided in this chapter))~~) by the
9 number of gallons of (~~((special))~~) fuel subject to the (~~((special))~~) fuel
10 tax.

11 (2) A (~~((special))~~) fuel distributor (~~((shall))~~) must remit tax on
12 (~~((special))~~) fuel purchased from a (~~((special-fuel))~~) supplier, and due to
13 the state for that reporting period, to the special fuel supplier.
14 This provision does not apply to fuel imported by a distributor under
15 RCW 82.38.035(3).

16 (3) At the election of the distributor, (~~((the))~~) payment of the
17 (~~((special))~~) fuel tax owed on (~~((special))~~) fuel purchased from a supplier
18 (~~((shall))~~) must be remitted to the supplier on terms agreed upon between
19 the distributor and the supplier or no later than seven business days
20 before the twenty-sixth day of the following month. This election
21 (~~((shall-be))~~) is subject to a condition that the distributor's
22 remittances of all amounts of (~~((special))~~) fuel tax due to the supplier
23 (~~((shall))~~) must be paid by electronic funds transfer. The distributor's
24 election may be terminated by the supplier if the distributor does not
25 make timely payments to the supplier as required by this section.
26 (~~((This section shall not apply if the distributor is required by the~~
27 ~~supplier to pay cash or cash equivalent for special fuel purchases.))~~)

28 (4) Except as provided in subsection (5) of this section, the tax
29 return (~~((shall))~~) must be accompanied by a remittance payable to the
30 state treasurer covering the tax amount (~~((determined to be))~~) due for
31 the reporting period.

32 (5) If the tax is paid by electronic funds transfer, the tax
33 (~~((shall))~~) must be paid on or before the twenty-sixth calendar day of
34 the month immediately following the reporting period. If the payment
35 due date falls on a Saturday, Sunday, or legal holiday the next
36 business day (~~((will-be))~~) is the payment date. If the tax is paid by
37 electronic funds transfer and the reporting period ends on a day other

1 than the last day of a calendar month (~~(as provided in RCW 82.38.150)~~),
2 the tax (~~(shall)~~) must be paid on or before the last state business day
3 of the thirty-day period following the end of the reporting period.

4 (6) The tax (~~(shall)~~) must be paid by electronic funds transfer
5 whenever the amount due is fifty thousand dollars or more.

6 **Sec. 118.** RCW 82.38.170 and 2002 c 183 s 4 are each amended to
7 read as follows:

8 (1) If any (~~(licensee)~~) person fails to pay any taxes (~~(collected~~
9 ~~or)~~) due the state of Washington within the time prescribed by RCW
10 82.38.150 and 82.38.160, the (~~(licensee shall)~~) person must pay (~~(in~~
11 ~~addition to such tax)~~) a penalty of ten percent of the (~~(amount~~
12 ~~thereof)~~) tax due.

13 (2) If (~~(it be determined by the department that the tax reported~~
14 ~~by any licensee is deficient it may proceed to assess the deficiency on~~
15 ~~the basis of information available to it and there shall be added to~~
16 ~~this deficiency a penalty of ten percent of the amount of the~~
17 ~~deficiency.~~

18 (3) ~~If any licensee, whether or not he or she is licensed as such,~~
19 ~~fails, neglects, or refuses to file a special fuel tax report required~~
20 ~~under this chapter, the department may, on the basis of information~~
21 ~~available to it, determine the tax liability of the licensee for the~~
22 ~~period during which no report was filed, and to the tax as thus~~
23 ~~determined, the department shall add the penalty and interest provided~~
24 ~~in subsection (2) of this section. An assessment made by the~~
25 ~~department pursuant to this subsection or to subsection (2) of this~~
26 ~~section shall be presumed to be correct, and in any case where the~~
27 ~~validity of the assessment is drawn in question, the burden shall be on~~
28 ~~the person who challenges the assessment to establish by a fair~~
29 ~~preponderance of the evidence that it is erroneous or excessive as the~~
30 ~~case may be)) the tax reported by any licensee is deficient a penalty
31 of ten percent of the deficiency must be assessed.~~

32 (3) If any licensee, whether or not licensed as such, fails,
33 neglects, or refuses to file a required fuel tax report, the department
34 must determine the tax liability and add the penalty provided in
35 subsection (2) of this section to the liability. An assessment made by
36 the department pursuant to this subsection or to subsection (2) of this

1 section is presumed to be correct, and the burden is on the person who
2 challenges the assessment to establish by a fair preponderance of the
3 evidence that it is erroneous or excessive.

4 (4) If any licensee establishes by a fair preponderance of evidence
5 that ~~((his or her))~~ failure to file a report or pay the proper amount
6 of tax within the time prescribed was due to reasonable cause and was
7 not intentional or willful, the department may waive the penalty
8 prescribed in subsections (1)~~((7))~~ and (2)~~((7 and (3)))~~ of this
9 section.

10 (5) If any licensee files a false or fraudulent report with intent
11 to evade the tax imposed by this chapter, there ~~((shall be))~~ is added
12 to the amount of deficiency ~~((determined by the department a penalty~~
13 ~~equal to twenty five percent of the deficiency, in addition to the~~
14 ~~penalty provided in subsection (2) of this section and))~~ a penalty of
15 twenty-five percent of the deficiency, in addition to all other
16 penalties prescribed by law.

17 (6) If any person acts as a licensee without first securing the
18 required license, all fuel tax liability incurred by that person
19 becomes immediately due and payable. The department must determine the
20 amount of the tax liability and must assess the person a penalty of one
21 hundred percent of the tax in addition to the tax owed.

22 (7) Any ~~((special))~~ fuel tax, penalties, and interest payable under
23 this chapter shall bear interest at the rate of one percent per month,
24 or fraction thereof, from the first day of the calendar month after the
25 amount or any portion thereof should have been paid until the date of
26 payment~~((:—PROVIDED, That))~~. The department may waive ~~((the))~~
27 interest when it determines ~~((that))~~ the cost of processing the
28 collection ~~((of the interest))~~ exceeds the amount of interest due.

29 ~~((+7))~~ (8) Except in the case ~~((of violations))~~ of filing a false
30 or fraudulent report, if the department deems mitigation of penalties
31 and interest to be reasonable and in the best interests of carrying out
32 the purpose of this chapter, it may mitigate ~~((such assessments upon~~
33 ~~whatever terms the department deems proper, giving consideration to the~~
34 ~~degree and extent of the lack of records and reporting errors. The~~
35 ~~department may ascertain the facts regarding recordkeeping and payment~~
36 ~~penalties in lieu of more elaborate proceedings under this chapter))~~
37 the assessments.

1 ~~((+8))~~ (9) Except in the case of a fraudulent report ~~((or of~~
2 ~~neglect or refusal to make a report, every deficiency shall be assessed~~
3 ~~under subsection (2) of this section within five years from the twenty-~~
4 ~~fifth day of the next succeeding calendar month following the reporting~~
5 ~~period for which the amount is proposed to be)) or failure to file a
6 report, deficiencies, penalties, and interest must be assessed within
7 five years from the twenty-fifth day of the next succeeding month
8 following the reporting period for which the amount is determined or
9 within five years after the return is filed, whichever period expires
10 ~~((the))~~ later.~~

11 ~~((+9))~~ (10)(a) Any licensee against whom an assessment is made
12 under the provisions of subsections (1) and (2) ~~((or (3))~~ of this
13 section may petition for a reassessment ~~((thereof))~~ within thirty days
14 after service upon the licensee of ~~((notice thereof))~~ the assessment.
15 If such petition is not filed within such thirty day period, the amount
16 of the assessment becomes final ~~((at the expiration thereof))~~.

17 (b) If a petition for reassessment is filed within the thirty day
18 period, the department ~~((shall))~~ must reconsider the assessment and, if
19 the licensee has ~~((so requested in his or her petition, shall grant~~
20 ~~such licensee an oral hearing and give the licensee ten days' notice of~~
21 ~~the time and place thereof. The department may continue the hearing~~
22 ~~from time to time. The decision of the department upon a petition for~~
23 ~~reassessment shall become final thirty days after service upon the~~
24 ~~licensee of notice thereof)) requested in the petition, must grant an
25 informal hearing and give ten days' notice of the time and place. The
26 department may continue the hearing as needed. The decision of the
27 department upon a petition for reassessment becomes final thirty days
28 after service upon the licensee.~~

29 (c) Every assessment made by the department ~~((shall))~~ becomes due
30 and payable at the time it becomes final and if not timely paid to the
31 department ~~((when due and payable, there shall be added thereto)),~~ a
32 penalty of ten percent of the amount of the tax is added to the
33 assessment.

34 ~~((+10))~~ (11) Any notice of assessment required by this section
35 ~~((shall))~~ must be served ~~((personally or by certified or registered~~
36 ~~mail; if by mail, service shall be made by depositing such notice in~~
37 ~~the United States mail, postage prepaid addressed to the licensee at~~

1 ~~his or her address as the same appears))~~ by depositing such notice in
2 the United States mail, postage prepaid addressed to the licensee at
3 the address shown in the records of the department.

4 ~~((11))~~ (12) Any licensee who has had ~~((the licensee's special))~~
5 a fuel license revoked ~~((shall))~~ must pay a one hundred dollar penalty
6 prior to the issuance of a new license.

7 ~~((12))~~ (13) Any person who, upon audit or investigation by the
8 department, is found to have not paid ~~((special))~~ fuel taxes as
9 required by this chapter ~~((shall be))~~ is subject to cancellation of all
10 vehicle registrations for vehicles utilizing special fuel as a means of
11 propulsion. Any unexpired Washington tonnage on the vehicles in
12 question may be transferred to a purchaser of the vehicles upon
13 application to the department who ~~((shall))~~ will hold such tonnage in
14 its custody until a sale of the vehicle is made or the tonnage has
15 expired.

16 ~~((13) Unless the use is exempt from the special fuel tax, or~~
17 ~~expressly authorized by the internal revenue code and this chapter, a~~
18 ~~person having dyed special fuel in the fuel supply tank of a motor~~
19 ~~vehicle that is licensed or required to be licensed is subject to a~~
20 ~~civil penalty of ten dollars for each gallon of dyed special fuel~~
21 ~~placed into the supply tank of the motor vehicle, or one thousand~~
22 ~~dollars, whichever is greater. The civil penalty collected as a result~~
23 ~~of this subsection must be deposited in the motor vehicle fund. The~~
24 ~~penalties must be collected and administered under this chapter.~~

25 (14) A person who maintains dyed special fuel in bulk storage for
26 an intended sale or use in violation of this chapter is subject to a
27 civil penalty of ten dollars for each gallon of dyed special fuel, or
28 one thousand dollars, whichever is greater, currently or previously
29 maintained in bulk storage by the person. The civil penalty collected
30 as a result of this subsection must be deposited in the motor vehicle
31 fund. The penalties must be collected and administered under this
32 chapter.

33 (15) ~~For the purposes of enforcement of this section, the~~
34 ~~Washington state patrol or other commercial vehicle safety alliance-~~
35 ~~certified officers may inspect, collect, and secure samples of special~~
36 ~~fuel used in the propulsion of a vehicle operated upon the highways of~~
37 ~~this state to detect the presence of dye or other chemical compounds.~~

1 ~~(16) The Washington state patrol shall, by January 1, 1999, develop~~
2 ~~and implement procedures for collection, analysis, and storage of fuel~~
3 ~~samples collected under this chapter.~~

4 ~~(17) RCW 43.05.110 does not apply to the civil penalties imposed~~
5 ~~under subsection (13) of this section.)~~

6 **Sec. 119.** RCW 82.38.180 and 2007 c 515 s 29 are each amended to
7 read as follows:

8 (1) Any person who has purchased ((special)) fuel on which tax has
9 been paid may file a claim with the department for a refund of the tax
10 for:

11 ~~((1) Taxes previously paid on special))~~ (a) Fuel used for purposes
12 other than for the propulsion of motor vehicles upon the public
13 highways in this state. However, a refund may not be made for motor
14 vehicle fuel consumed by a motor vehicle required to be licensed under
15 chapter 46.16 RCW.

16 ~~((2) Taxes previously paid on special))~~ (b) Fuel exported for use
17 outside of this state. ((Special)) Fuel carried from this state in the
18 fuel tank of a motor vehicle is deemed to be exported from this state.
19 ((Special)) Fuel distributed to a federally recognized Indian tribal
20 reservation located within the state of Washington is not considered
21 exported outside this state.

22 ~~((3))~~ (c) Tax, penalty, or interest erroneously or illegally
23 collected or paid.

24 ~~((4) Taxes previously paid on all special))~~ (d) Fuel which is lost
25 or destroyed, while the licensee ((shall be)) is the owner thereof,
26 through fire, lightning, flood, wind storm, or explosion.

27 ~~((5) Taxes previously paid on all special))~~ (e) Fuel of five
28 hundred gallons or more which is lost or destroyed while the licensee
29 ((shall be)) is the owner thereof, through leakage or other casualty
30 except evaporation, shrinkage, or unknown causes.

31 ~~((6) Taxes previously paid on special fuel that is inadvertently~~
32 ~~mixed with dyed special fuel.))~~ (f) Fuel used in power pumping units or
33 other power take-off equipment of any motor vehicle which is accurately
34 measured by metering devices that have been specifically approved by
35 the department or by a formula determined by the department.

36 (2) Any person who has purchased special fuel on which tax has been
37 paid may file a claim with the department for a refund of tax for:

1 (a) Special fuel used for the operation of a motor vehicle as a
2 part of or incidental to logging operations upon a highway under
3 federal jurisdiction within the boundaries of a federal area if the
4 federal government requires a fee for the privilege of operating the
5 motor vehicle upon the highway, the proceeds of which are reserved for
6 constructing or maintaining roads in the federal area, or requires
7 maintenance or construction work to be performed on the highway for the
8 privilege of operating the motor vehicle on the highway;

9 (b) Special fuel used by special mobile equipment as defined in RCW
10 46.04.552;

11 (c) Special fuel used in a motor vehicle for movement between two
12 pieces of private property wherein the movement is incidental to the
13 primary use of the vehicle; and

14 (d) Special fuel inadvertently mixed with dyed special fuel.

15 (3) Any person who has purchased motor vehicle fuel on which tax
16 has been paid may file a claim with the department for a refund of tax
17 for:

18 (a) Motor vehicle fuel used by a private, nonprofit transportation
19 provider regulated under chapter 81.66 RCW to provide transportation
20 services for persons with special transportation needs; and

21 (b) Motor vehicle fuel used by an urban passenger transportation
22 system. For purposes of this subsection "urban passenger
23 transportation system" means every transportation system, publicly or
24 privately owned, having as its principal source of revenue the income
25 from transporting persons for compensation by means of motor vehicles
26 or trackless trolleys, each having a seating capacity of over fifteen
27 persons, over prescribed routes in such a manner that the routes of
28 such motor vehicles or trackless trolleys, either alone or in
29 conjunction with routes of other such motor vehicles or trackless
30 trolleys subject to the routing by the same transportation system, do
31 not extend for a distance exceeding fifteen road miles beyond the
32 corporate limits of the city in which the original starting points of
33 such motor vehicles or trackless trolleys are located. No refunds are
34 authorized for fuel used on any trip where any portion of the trip is
35 more than fifteen road miles beyond the corporate limits of the city in
36 which the trip originated.

37 (4) Recovery for such loss or destruction under ((either))
38 subsections ((4), (5), or (6)) (1)(d) or (e) or (2)(d) of this

1 section must be susceptible to positive proof thereby enabling the
2 department to conduct such investigation and require such information
3 as it may deem necessary. In the event that the department is not
4 satisfied that the fuel was lost, destroyed, or contaminated as claimed
5 because information or proof as required hereunder is not sufficient to
6 substantiate the accuracy of the claim, it may deem such as sufficient
7 cause to deny all right relating to the refund or credit for the excise
8 tax paid on (~~special~~) fuel alleged to be lost or destroyed.

9 (5) No refund or claim for credit (~~shall~~) may be approved by the
10 department unless the gallons of (~~special~~) fuel claimed as nontaxable
11 satisfy the conditions specifically set forth in this section and the
12 nontaxable event or use occurred during the period covered by the
13 refund claim. Refunds or claims for credit (~~shall~~) are not be
14 allowed for anticipated nontaxable use or events.

15 **Sec. 120.** RCW 82.38.190 and 1998 c 176 s 74 are each amended to
16 read as follows:

17 (1) Claims under RCW 82.38.180 (~~shall~~) must be filed with the
18 department on forms prescribed by the department and (~~shall show the~~
19 ~~date of filing and the period covered in the claim, the number of~~
20 ~~gallons of special fuel used for purposes subject to tax refund, and~~
21 ~~such other facts and information as may be required. Every such claim~~
22 ~~shall be supported by an invoice or invoices issued to or by the~~
23 ~~claimant, as may be prescribed by the department, and such other~~
24 ~~information as the department may require. The requirement to provide~~
25 ~~invoices may be waived for small refund amounts, as determined by the~~
26 ~~department. Claims for refund of special~~) must contain and be
27 supported by such information and documentation as the department may
28 require. Claims for refund of fuel tax must be for at least twenty
29 dollars.

30 (2) Any amount determined to be refundable by the department under
31 RCW 82.38.180 (~~shall~~) must first be credited on any amounts then due
32 and payable from a person to whom the refund is due(~~, and the~~
33 ~~department shall then certify the balance thereof to the state~~
34 ~~treasurer, who shall thereupon draw his or her warrant for the~~
35 ~~certified amount to the person)).~~

36 (3) No refund or credit (~~shall~~) may be approved by the department

1 unless a written claim for refund or credit stating the specific
2 grounds upon which the claim is founded is filed with the department:

3 (a) Within thirteen months from the date of purchase or from the
4 last day of the month following the close of the reporting period for
5 which the refundable amount or credit is due with respect to refunds or
6 credits allowable under RCW 82.38.180 (~~((1), (2), (4), and (5))~~), with
7 the exception of the credits or refunds allowed under RCW
8 82.38.180(1)(c), and if not filed within this period the right to
9 refund (~~(shall be forever)~~) is barred.

10 (b) Within five years from the last day of the month following the
11 close of the reporting period for which the overpayment is due with
12 respect to the refunds or credits allowable under RCW 82.38.180(~~((3))~~)
13 (1)(c). The department (~~(shall)~~) must refund any amount paid that has
14 been verified by the department to be more than (~~(ten)~~) twenty dollars
15 over the amount actually due for the reporting period. Payment credits
16 (~~(shall)~~) may not be carried forward and applied to subsequent tax
17 returns for a person licensed under this chapter.

18 (4) Within thirty days after disallowing any claim in whole or in
19 part, the department (~~(shall serve)~~) must provide written notice of its
20 action (~~(on)~~) to the claimant.

21 (5)(a) Interest (~~(shall)~~) must be paid upon any refundable amount
22 or credit due under RCW 82.38.180(~~((3))~~) (1)(c) at the rate of one
23 percent per month from the last day of the calendar month following the
24 reporting period for which the refundable amount or credit is due.

25 (b) The interest (~~(shall)~~) must be paid:

26 (~~((a))~~) (i) In the case of a refund, to the last day of the
27 calendar month following the date upon (~~(which the person making the~~
28 ~~overpayment, if he or she has not already filed a claim, is notified by~~
29 ~~the department that a claim may be filed or the date upon)~~) which the
30 claim is approved by the department(~~(, whichever date is earlier)~~).

31 (~~((b))~~) (ii) In the case of a credit, to the same date as that to
32 which interest is computed on the tax or amount against which the
33 credit is applied.

34 (c) If the department determines that any overpayment has been made
35 intentionally or by reason of carelessness, it (~~(shall)~~) may not allow
36 any interest (~~(thereon)~~).

37 (6) The department (~~(shall)~~) must pay interest of one percent on
38 any refund payable under RCW 82.38.180 (1)(~~(, (2), or (6) that)~~) or

1 (2), except as provided in subsection (5)(a) of this section, which is
2 issued more than thirty state business days after the receipt of a
3 claim properly filed and completed ((in accordance with this section)).
4 After the end of the thirty business-day period, additional interest
5 ((shall)) accrues at the rate of one percent on the amount payable for
6 each thirty calendar-day period(, until the refund is issued)).

7 ~~((7) No injunction or writ of mandate or other legal or equitable~~
8 ~~process shall issue in any suit, action or proceeding in any court~~
9 ~~against this state or against any officer of the state to prevent or~~
10 ~~enjoin the collection under this chapter of any tax or any amount of~~
11 ~~tax required to be collected.))~~

12 **Sec. 121.** RCW 82.38.210 and 1998 c 176 s 75 are each amended to
13 read as follows:

14 ~~((If any licensee liable for the remittance of tax imposed by this~~
15 ~~chapter fails to pay the same, the amount thereof, including any~~
16 ~~interest, penalty, or addition to such tax, together with any costs~~
17 ~~that may accrue in addition thereto, shall be a lien in favor of the~~
18 ~~state upon all franchises, property, and rights to property, whether~~
19 ~~real or personal, then belonging to or thereafter acquired by such~~
20 ~~person, whether such property is employed by such person for personal~~
21 ~~or business use or is in the hands of a trustee, or receiver, or~~
22 ~~assignee for the benefit of creditors, from the date the taxes were due~~
23 ~~and payable, until the amount of the lien is paid or the property sold~~
24 ~~in payment thereof. The lien shall have priority over any lien or~~
25 ~~encumbrance whatsoever, except the lien of other state taxes having~~
26 ~~priority by law, and except that such lien shall not be valid as~~
27 ~~against any bona fide mortgagee, pledgee, judgment creditor, or~~
28 ~~purchaser whose rights have attached prior to the time the department~~
29 ~~has filed and recorded notice of such lien as hereinafter provided.~~

30 ~~In order to avail itself of the lien hereby created, the department~~
31 ~~shall file with any county auditor a statement of claim and lien~~
32 ~~specifying the amount of delinquent taxes, penalties and interest~~
33 ~~claimed by the department. From the time of filing for record, the~~
34 ~~amount required to be paid shall constitute a lien upon all franchises,~~
35 ~~property and rights to property, whether real or personal, then~~
36 ~~belonging to or thereafter acquired by such person in the county. Any~~
37 ~~lien as provided in this section may also be filed in the office of the~~

1 ~~secretary of state. Filing in the office of the secretary of state~~
2 ~~shall be of no effect, however, until the lien or copy thereof shall~~
3 ~~have been filed with the county auditor in the county where the~~
4 ~~property is located. When a lien is filed in compliance herewith and~~
5 ~~with the secretary of state, such filing shall have the same effect as~~
6 ~~if the lien had been duly filed for record in the office of the auditor~~
7 ~~in each county of this state.)) (1) If a person liable for payment of
8 tax fails to pay the amount including any interest, penalty, or
9 addition, together with costs accrued, there will be a lien in favor of
10 the state upon all franchises, property, and rights to property,
11 whether real or personal, belonging to or acquired, whether the
12 property is employed by such person for personal or business use or is
13 in the control of a trustee, receiver, or assignee. The lien is
14 effective from the date taxes were due and payable until the amount is
15 satisfied. The lien has priority over any lien or encumbrance except
16 liens of other taxes having priority by law.~~

17 (2) The department must file with any county auditor a statement of
18 claim and lien specifying the amount of delinquent taxes, penalties,
19 and interest owed.

20 **Sec. 122.** RCW 82.38.220 and 1998 c 176 s 76 are each amended to
21 read as follows:

22 ~~((In the event any licensee is delinquent in the payment of any~~
23 ~~obligation imposed under this chapter, the department may give notice~~
24 ~~of the amount of such delinquency by registered or certified mail to~~
25 ~~all persons having in their possession or under their control any~~
26 ~~credits or other personal property belonging to the licensee or owing~~
27 ~~any debts to the licensee, at the time of the receipt by them of such~~
28 ~~notice. Any person so notified shall neither transfer nor make other~~
29 ~~disposition of such credits, personal property, or debts until the~~
30 ~~department consents to a transfer or other disposition. All persons so~~
31 ~~notified must, within twenty days after receipt of the notice, advise~~
32 ~~the department of any and all such credits, personal property, or debts~~
33 ~~in their possession, under their control or owing by them, as the case~~
34 ~~may be, and shall immediately deliver such credits, personal property,~~
35 ~~or debts to the department or its duly authorized representative to be~~
36 ~~applied to the indebtedness involved.~~

1 ~~Upon service, the notice and order to withhold and deliver~~
2 ~~constitutes a continuing lien on property of the taxpayer. The~~
3 ~~department shall include in the caption of the notice to withhold and~~
4 ~~deliver "continuing lien." The effective date of a notice to withhold~~
5 ~~and deliver served under this section is the date of service of the~~
6 ~~notice.~~

7 ~~If a person fails to answer the notice within the time prescribed~~
8 ~~by this section, it is lawful for the court, upon application of the~~
9 ~~department and after the time to answer the notice has expired, to~~
10 ~~render judgment by default against the party named in the notice to~~
11 ~~withhold and deliver for the full amount claimed by the department in~~
12 ~~the notice to withhold and deliver, together with costs.))~~ (1) If a
13 person is delinquent in the payment of any obligation, the department
14 may give notice of the amount of delinquency to persons having
15 possession or control of credits, personal and real property belonging
16 to the person, or owing debts to the person. Any person notified may
17 not transfer or dispose of credits, personal and real property, or
18 debts without the consent of the department. A person notified must,
19 within twenty days after receipt of notice, advise the department of
20 any credits, personal and real property, or debts in their possession,
21 under their control or owing by them, and must immediately deliver the
22 credits, personal and real property, or debts to the department.

23 (2) The notice and order to withhold and deliver constitutes a
24 continuing lien on property of the person. The department must include
25 in the notice to withhold and deliver "continuing lien." The effective
26 date of a notice to withhold and deliver is the date of mailing.

27 (3) If a person fails to timely answer the notice, a court may
28 render judgment, plus costs by default against the person.

29 **Sec. 123.** RCW 82.38.230 and 2007 c 218 s 78 are each amended to
30 read as follows:

31 ~~((Whenever any licensee is delinquent in the payment of any~~
32 ~~obligation imposed hereunder, and such delinquency continues after~~
33 ~~notice and demand for payment by the department, the department shall~~
34 ~~proceed to collect the amount due from the licensee in the following~~
35 ~~manner: The department shall seize any property subject to the lien of~~
36 ~~said excise tax, penalty, and interest and thereafter sell it at public~~
37 ~~auction to pay said obligation and any and all costs that may have been~~

1 incurred on account of the seizure and sale. Notice of such intended
2 sale and the time and place thereof shall be given to such delinquent
3 licensee and to all persons appearing of record to have an interest in
4 such property. The notice shall be given in writing at least ten days
5 before the date set for the sale by enclosing it in an envelope
6 addressed to the licensee at the licensee's address as the same appears
7 in the records of the department and, in the case of any person
8 appearing of record to have an interest in such property, addressed to
9 such person at his or her last known residence or place of business,
10 and depositing such envelope in the United States mail, postage
11 prepaid. In addition, the notice shall be published for at least ten
12 days before the date set for the sale in a newspaper of general
13 circulation published in the county in which the property seized is to
14 be sold. If there is no newspaper of general circulation in such
15 county, the notice shall be posted in three public places in the county
16 for a period of ten days. The notice shall contain a description of
17 the property to be sold, together with a statement of the amount due
18 under this chapter, the name of the licensee and the further statement
19 that unless such amount is paid on or before the time fixed in the
20 notice the property will be sold in accordance with law.

21 The department shall then proceed to sell the property in
22 accordance with the law and the notice, and shall deliver to the
23 purchaser a bill of sale or deed which shall vest title in the
24 purchaser. If upon any such sale the moneys received exceed the amount
25 due to the state under this chapter from the delinquent licensee, the
26 excess shall be returned to the licensee and the licensee's receipt
27 obtained for the excess. If any person having an interest in or lien
28 upon the property has filed with the department prior to such sale,
29 notice of such interest or lien, the department shall withhold payment
30 of any such excess to the licensee pending a determination of the
31 rights of the respective parties thereto by a court of competent
32 jurisdiction. If for any reason the receipt of the licensee is not
33 available, the department shall deposit such excess with the state
34 treasurer as trustee for the licensee or the licensee's heirs,
35 successors, or assigns: PROVIDED, That prior to making any seizure of
36 property as provided for in this section, the department may first
37 serve upon the licensee's bondsperson a notice of the delinquency, with
38 a demand for the)) (1) If a person is delinquent in the payment of any

1 obligation, and the delinquency continues after notice and demand for
2 payment the department must collect the amount due. The department
3 must seize any property subject to the lien of excise tax, penalty, and
4 interest and sell it at public auction. Notice of sale and the time
5 and place must be given to the person and to all persons appearing
6 with an interest in the property. The notice must be in writing at
7 least ten days before the date of sale. Notice must be published for
8 at least ten days before the date of sale in a newspaper of general
9 circulation published in the county the property will be sold. If
10 there is no newspaper of general circulation in the county, the notice
11 must be posted in three public places in the county for a period of ten
12 days. The notice must contain a description of the property together
13 with a statement of the amount due, the name of the person, and a
14 statement that unless the amount is paid on or before the time in the
15 notice the property will be sold.

16 (2) The department must sell the property and deliver to the
17 purchaser a bill of sale or deed. If the moneys received exceed the
18 amount due from the person, the excess must be returned to the person
19 and a receipt obtained. If any person having an interest in or lien
20 upon the property has filed notice with the department prior to the
21 sale, the department must withhold payment of any excess to the person
22 pending determination of the rights of the respective parties by a
23 court of competent jurisdiction. If the receipt of the person is not
24 available, the department must deposit the excess with the state
25 treasurer as trustee for the person or their heirs, successors, or
26 assigns. Prior to making any seizure of property, the department may
27 first serve upon the person's bondsperson a notice of delinquency and,
28 demand for payment of the amount due.

29 **Sec. 124.** RCW 82.38.235 and 2001 c 146 s 14 are each amended to
30 read as follows:

31 ~~((Whenever any assessment shall have become final in accordance~~
32 ~~with the provisions of this chapter, the department may file with the~~
33 ~~clerk of any county within the state a warrant in the amount of the~~
34 ~~assessment of taxes, penalties plus interest and a filing fee under RCW~~
35 ~~36.18.012(10). The clerk of the county wherein the warrant is filed~~
36 ~~shall immediately designate a superior court cause number for such~~
37 ~~warrant, and the clerk shall cause to be entered in the judgment docket~~

1 ~~under the superior court cause number assigned to the warrant, the name~~
2 ~~of the licensee mentioned in the warrant, the amount of the tax,~~
3 ~~penalties, interest and filing fee and the date when such warrant was~~
4 ~~filed. The aggregate amount of such warrant as docketed shall become~~
5 ~~a lien upon the title to, and interest in all real and personal~~
6 ~~property of named person against whom the warrant is issued, the same~~
7 ~~as a judgment in a civil case duly docketed in the office of such~~
8 ~~clerk. Such warrant so docketed shall be sufficient to support the~~
9 ~~issuance of writs of execution and writs of garnishment in favor of the~~
10 ~~state in the manner provided by law in the case of civil judgment,~~
11 ~~wholly or partially unsatisfied. The clerk of the court shall be~~
12 ~~entitled to a filing fee under RCW 36.18.012(10), which shall be added~~
13 ~~to the amount of the warrant.)) When an assessment becomes final the
14 department may file with the clerk of any county within the state a
15 warrant in the amount of the assessment of taxes, penalties, interest
16 and a filing fee under RCW 36.18.012(10). The warrant is a lien upon
17 title to, and interest in all real and personal property of the person
18 against whom the warrant is issued. The warrant is sufficient to
19 support the issuance of writs of execution and writs of garnishment in
20 favor of the state.~~

21 **Sec. 125.** RCW 82.38.245 and 1997 c 183 s 9 are each amended to
22 read as follows:

23 A ~~((special fuel licensee, who files or against whom is filed a~~
24 ~~petition in bankruptcy, shall, within ten days of the filing, notify~~
25 ~~the department of the proceedings in bankruptcy, including the identity~~
26 ~~and location of the court in which the proceedings are pending))~~
27 licensee who files a petition for bankruptcy, or against whom a
28 petition for bankruptcy is filed, must notify the department within ten
29 days of the filing, including the name and location of the court in
30 which the petition was filed.

31 **Sec. 126.** RCW 82.38.260 and 1998 c 176 s 80 are each amended to
32 read as follows:

33 (1) The department ((shall enforce the provisions of this chapter,
34 and may prescribe, adopt, and enforce reasonable rules and regulations
35 relating to the administration and enforcement thereof. The Washington
36 state patrol and its officers shall aid the department in the

1 enforcement of this chapter, and, for this purpose, are declared to be
2 peace officers, and given police power and authority throughout the
3 state to arrest on sight any person known to have committed a violation
4 of the provisions of this chapter.

5 The department or its authorized representative is hereby empowered
6 to examine the books, papers, records and equipment of any licensee or
7 any person dealing in, transporting, or storing special fuel as defined
8 in this chapter and to investigate the character of the disposition
9 which any person makes of such special fuel in order to ascertain and
10 determine whether all taxes due hereunder are being properly reported
11 and paid. The fact that such books, papers, records and equipment are
12 not maintained in this state at the time of demand shall not cause the
13 department to lose any right of such examination under this chapter
14 when and where such records become available.

15 The department or its authorized representative is further
16 empowered to investigate the disposition of special fuel by any person
17 where the department has reason to believe that untaxed special fuel
18 has been diverted to a use subject to the taxes imposed by this chapter
19 without said taxes being paid in accordance with the requirements of
20 this chapter.

21 For the purpose of enforcing the provisions of this chapter it
22 shall be presumed that all special fuel delivered to service stations
23 as well as all special fuel otherwise received into storage and
24 dispensing equipment designed to fuel motor vehicles is delivered into
25 the fuel supply tanks of motor vehicles and consumed in the propulsion
26 of motor vehicles on the highways of this state, unless the contrary is
27 established by satisfactory evidence.

28 The department shall, upon request from the officials to whom are
29 entrusted the enforcement of the special fuel tax law of any other
30 state, the District of Columbia, the United States, its territories and
31 possessions, the provinces or the Dominion of Canada, forward to such
32 officials any information which he or she may have relative to the
33 receipt, storage, delivery, sale, use, or other disposition of special
34 fuel by any licensee if the other state or states furnish like
35 information to this state.

36 Returns required by this chapter, exclusive of schedules, itemized
37 statements and other supporting evidence annexed thereto, shall at all

1 ~~reasonable times be open to the public))~~ may prescribe, adopt, and
2 enforce reasonable rules relating to administration and enforcement of
3 this chapter.

4 (2) The department or its authorized representative may examine the
5 books, papers, records, and equipment of any person distributing,
6 transporting, storing, or using fuel to determine whether all taxes due
7 or refundable are properly reported, paid, or claimed. If books,
8 papers, records, and equipment are not maintained in this state at the
9 time of demand, the department does not lose any right of examination.

10 (3) The department may require additional reports from any licensee
11 with reference to any of the matters herein concerned. Such reports
12 must be made and filed on forms prepared by the department.

13 (4) For the purpose of any investigation or proceeding, the
14 director or designee may administer oaths and affirmations, subpoena
15 witnesses, compel their attendance, take evidence, and require the
16 production of any books, papers, correspondence, memoranda, agreements,
17 or other documents or records which the director deems relevant or
18 material to the inquiry.

19 (5) In the case of contumacy by or refusal to obey a subpoena
20 issued to, any person, any court of competent jurisdiction upon
21 application by the director, may issue to that person an order
22 requiring appearance before the director or designee to produce
23 testimony of other evidence regarding the matter under investigation or
24 in question.

25 (6) The department must, upon request from officials responsible
26 for enforcement of fuel tax laws of any state, the District of
27 Columbia, the United States, its territories and possessions, the
28 provinces or the dominion of Canada, forward information relative to
29 the receipt, storage, delivery, sale, use, or other disposition of fuel
30 by any person, if the other furnishes like information.

31 (7) The department may enter into a fuel tax cooperative agreement
32 with another state, the District of Columbia, the United States, its
33 territories and possessions, or Canadian province for the
34 administration, collection, and enforcement of their respective fuel
35 taxes.

36 (8) For the purposes of administration, collection, and enforcement
37 of taxes imposed under this chapter, pursuant to another agreement

1 under chapter 82.41 RCW, chapter 82.41 RCW controls to the extent of
2 any conflict.

3 (9) The remedies of the state in this chapter are cumulative and no
4 action taken by the department may be construed to be an election on
5 the part of the state or any of its officers to pursue any remedy
6 hereunder to the exclusion of any other remedy for which provision is
7 made in this chapter.

8 **Sec. 127.** RCW 82.38.270 and 2007 c 515 s 30 are each amended to
9 read as follows:

10 (1) It is unlawful for a person (~~(or corporation)~~) to:

11 (a) Have dyed (~~(diesel)~~) special fuel in the fuel supply tank of a
12 vehicle that is licensed or required to be licensed for highway use or
13 maintain dyed (~~(diesel)~~) special fuel in bulk storage for highway use,
14 unless the person (~~(or corporation)~~) maintains an uncanceled dyed
15 (~~(diesel)~~) special fuel user license or is otherwise (~~(exempted by)~~)
16 exempt under this chapter;

17 (b) Hold dyed special fuel for use, intended use, sale, or intended
18 sale in a manner in violation of this chapter;

19 (c) Evade a tax or fee imposed under this chapter;

20 (~~(e)~~) (d) File a false statement of a material fact (~~(on a~~
21 ~~special fuel license application or special fuel refund application;~~

22 ~~(d) Act as a special fuel importer, special fuel blender, or~~
23 ~~special fuel supplier unless the person holds an uncanceled special)~~
24 regarding the administration and enforcement of this chapter or
25 otherwise commit any fraud or make a false representation on a fuel tax
26 license application, fuel tax refund application, fuel tax return, fuel
27 tax record, or fuel tax refund claim;

28 (e) Act as a fuel licensee unless the person holds an uncanceled
29 fuel license issued by the department authorizing the person to engage
30 in that business;

31 (~~(e)~~) (f) Knowingly assist another person to evade a tax or fee
32 imposed by this chapter;

33 (~~(f)~~) (g) Knowingly operate a conveyance for the purpose of
34 hauling, transporting, or delivering (~~(special)~~) fuel in bulk and not
35 possess an invoice, bill of sale, or other statement showing the name,
36 address, and tax license number of the seller or consignor, the

1 destination, the name, address, and tax license number of the purchaser
2 or consignee, and the number of gallons;

3 (h) Refuse to permit the department or its authorized
4 representative to examine the person's books, papers, records, storage
5 facilities, and equipment used in conjunction with the use,
6 distribution, or sale of fuel;

7 (i) To display, or cause to permit to be displayed, or to have in
8 possession, any fuel license knowing the same to be fictitious, or to
9 have been suspended, canceled, revoked, or altered;

10 (j) To lend to, or knowingly permit the use of, by one not entitled
11 thereto, any fuel license issued to the person lending it or permitting
12 it to be used;

13 (k) To display or to represent as one's own any fuel license not
14 issued to the person displaying the same;

15 (l) To use or to conspire with any governmental official, agent, or
16 employee for the use of any requisition, purchase order, or any card or
17 any authority to which the person is not specifically entitled by
18 government regulations, for the purpose of obtaining any fuel or other
19 inflammable petroleum products upon which the fuel tax has not been
20 paid;

21 (m) To sell or dispense natural gas or propane for their own use or
22 the use of others into tanks of vehicles powered by this fuel when the
23 vehicle does not display a valid decal or other identifying device as
24 provided in RCW 82.38.075.

25 (2)(a) A single violation of subsection (1)(a) and (b) of this
26 section is a gross misdemeanor under chapter 9A.20 RCW.

27 (b) Multiple violations of subsection (1)(a) and (b) of this
28 section and violations of subsection (1)((~~b~~ through ~~f~~)) (c) through
29 (g) of this section are a class C felony under chapter 9A.20 RCW.

30 (3) Violations of subsection (1)(h) through (m) of this section are
31 a gross misdemeanor under chapter 9A.20 RCW.

32 (4) In addition to other penalties and remedies provided by law,
33 the court (~~shall~~) must order a person or corporation found guilty of
34 violating subsection (1)((~~b~~ through ~~f~~)) (c) through (g) of this
35 section to:

36 (a) Pay the tax or fee evaded plus interest, commencing at the date
37 the tax or fee was first due, at the rate of twelve percent per year,
38 compounded monthly; and

1 (b) Pay a penalty of one hundred percent of the tax evaded(~~(, to~~
2 ~~the multimodal transportation account of the state))~~).

3 ~~((4))~~ (5) The tax imposed by this chapter is held in trust by the
4 licensee until paid to the department, and a licensee who appropriates
5 the tax to his or her own use or to any use other than the payment of
6 the tax (~~(on the due date as prescribed in this chapter)~~) is guilty of
7 a felony or gross misdemeanor in accordance with the theft and
8 anticipatory provisions of Title 9A RCW. A person, partnership,
9 corporation, or corporate officer who fails to pay to the department
10 the tax (~~(imposed by this chapter)~~) is personally liable to the state
11 for the amount of the tax.

12 **Sec. 128.** RCW 82.38.280 and 2010 c 106 s 231 are each amended to
13 read as follows:

14 (1) The tax levied in this chapter is in lieu of any excise,
15 privilege, or occupational tax upon the business of manufacturing,
16 selling, or distributing (~~(special)~~) fuel, and no city, town, county,
17 township or other subdivision or municipal corporation of the state may
18 levy or collect any excise tax upon or measured by the sale, receipt,
19 distribution, or use of (~~(special)~~) fuel, except as provided in chapter
20 82.80 RCW and RCW 82.47.020.

21 (2) This section does not apply to any tax imposed by the state.

22 **Sec. 129.** RCW 82.38.290 and 1971 ex.s. c 175 s 30 are each amended
23 to read as follows:

24 ~~((All taxes, interest and penalties collected under this chapter~~
25 ~~shall be credited and deposited in the same manner as are motor vehicle~~
26 ~~fuel taxes collected under RCW 82.36.410.))~~ (1) Unless directed
27 otherwise in this section, all taxes, fees, assessments, civil and
28 criminal penalties, interest, and proceeds from sales of forfeited
29 property collected under this chapter must be deposited into the motor
30 vehicle fund.

31 (2) The penalty imposed in RCW 82.38.270(4)(b) must be deposited
32 into the multimodal transportation account.

33 (3) One cent per gallon must be deducted from each motor vehicle
34 fuel marine use refund claim and deposited into the coastal protection
35 fund.

1 (4) Fifty percent of all fines and forfeitures imposed in any
2 criminal proceeding by any court of this state for violations of the
3 penal provisions of this chapter must be paid to the current expense
4 fund of the county where collected and the remainder deposited into the
5 motor vehicle fund. All fees, fines, forfeitures, and penalties
6 collected or assessed by a district court must be remitted as provided
7 in chapter 3.62 RCW.

8 **Sec. 130.** RCW 82.38.310 and 2007 c 515 s 31 are each amended to
9 read as follows:

10 (1) The governor may enter into an agreement with any federally
11 recognized Indian tribe located on a reservation within this state
12 regarding (~~special~~) fuel taxes included in the price of fuel
13 delivered to a retail station wholly owned and operated by a tribe,
14 tribal enterprise, or tribal member licensed by the tribe to operate a
15 retail station located on reservation or trust property. The agreement
16 may provide mutually agreeable means to address any tribal immunities
17 or any preemption of the (~~state special~~) fuel tax.

18 (2) The provisions of this section do not repeal existing
19 state/tribal fuel tax agreements or consent decrees in existence on May
20 15, 2007. The state and the tribe may agree to substitute an agreement
21 negotiated under this section for an existing agreement or consent
22 decree, or to enter into an agreement using a methodology similar to
23 the state/tribal fuel tax agreements in effect on May 15, 2007.

24 (3) If a new agreement is negotiated, the agreement must:

25 (a) Require that the tribe or the tribal retailer acquire all
26 (~~special~~) fuel only from persons or companies operating lawfully in
27 accordance with this chapter as a (~~special~~) fuel distributor,
28 supplier, (~~importer,~~) or blender, or from a tribal distributor,
29 supplier, (~~importer,~~) or blender lawfully doing business according to
30 all applicable laws;

31 (b) Provide that the tribe will expend fuel tax proceeds or
32 equivalent amounts on: Planning, construction, and maintenance of
33 roads, bridges, and boat ramps; transit services and facilities;
34 transportation planning; police services; and other highway-related
35 purposes;

36 (c) Include provisions for audits or other means of ensuring
37 compliance to certify the number of gallons of (~~special~~) fuel

1 purchased by the tribe for resale at tribal retail stations, and the
2 use of fuel tax proceeds or their equivalent for the purposes
3 identified in (b) of this subsection. Compliance reports must be
4 delivered to the director of the department of licensing.

5 (4) Information from the tribe or tribal retailers received by the
6 state or open to state review under the terms of an agreement (~~shall~~
7 ~~be~~) are deemed personal information under RCW 42.56.230(~~(+3)~~) (4)(b)
8 and are exempt from public inspection and copying.

9 (5) The governor may delegate the power to negotiate fuel tax
10 agreements to the department of licensing.

11 (6) The department of licensing (~~shall~~) must prepare and submit
12 an annual report to the legislature on the status of existing
13 agreements and any ongoing negotiations with tribes.

14 **Sec. 131.** RCW 82.38.320 and 2007 c 515 s 32 are each amended to
15 read as follows:

16 (1) An international fuel tax agreement licensee who meets the
17 qualifications in subsection (2) of this section may be given special
18 authorization by the department to purchase special fuel delivered into
19 bulk storage without payment of the (~~special~~) fuel tax at the time
20 the fuel is purchased. The special authorization applies only to full
21 truck-trailer loads filled at a terminal rack and delivered directly to
22 the bulk storage facilities of the special authorization holder. The
23 licensee (~~shall~~) must pay (~~special~~) fuel tax on the fuel at the
24 time the licensee files their international fuel tax agreement tax
25 return and accompanying schedule with the department. The accompanying
26 schedule (~~shall~~) must be provided in a form and manner determined by
27 the department and (~~shall~~) must contain information on purchases and
28 usage of all nondyed special fuel purchased during the reporting
29 period. In addition, by the fifteenth day of the month following the
30 month in which fuel under the special authorization was purchased, the
31 licensee must report to the department, the name of the seller and the
32 number of gallons purchased for each purchase of such fuel, and any
33 other information as the department may require.

34 (2) To receive or maintain special authorization under subsection
35 (1) of this section, the following conditions regarding the
36 international fuel tax agreement licensee must apply:

1 (a) During the period encompassing the four consecutive calendar
2 quarters immediately preceding the fourth calendar quarter of the
3 previous year, the number of gallons consumed outside the state of
4 Washington as reported on the licensee's international fuel tax
5 agreement tax returns must have been equal to at least twenty percent
6 of the nondyed special fuel gallons, including fuel used on-road and
7 off-road, purchased by the licensee in the state of Washington, as
8 reported on the accompanying schedules required under subsection (1) of
9 this section;

10 (b) The licensee must have been licensed under the provisions of
11 the international fuel tax agreement during each of the four
12 consecutive calendar quarters immediately preceding the fourth calendar
13 quarter of the previous year; and

14 (c) The licensee has not violated the reporting requirements of
15 this section.

16 (3) Only a licensed (~~special~~) fuel supplier or (~~special~~) fuel
17 (~~importer~~) distributor may sell special fuel to a special
18 authorization holder in the manner prescribed by this section.

19 (4) A (~~special~~) fuel supplier or (~~importer~~) distributor who
20 sells (~~special~~) fuel under the special authorization provisions of
21 this section is not liable for the (~~special~~) fuel tax on the fuel.
22 The (~~special~~) fuel supplier or (~~importer-will~~) distributor must
23 report such sales, in a manner prescribed by the department, at the
24 time the (~~special~~) fuel supplier or (~~importer~~) distributor submits
25 the monthly tax report.

26 **Sec. 132.** RCW 82.38.360 and 2003 c 358 s 7 are each amended to
27 read as follows:

28 (1) The following are subject to seizure and forfeiture:

29 (a) (~~Special~~) Fuel imported into this state by a person not
30 licensed in this state in accordance with this chapter to import fuel;

31 (b) (~~Special fuel that is~~) Fuel blended or manufactured by a
32 person not licensed in this state in accordance with this chapter to
33 blend or manufacture fuel;

34 (c) All conveyances (~~that are~~) used, or intended for use, to
35 transport, or in any manner to facilitate the transportation, for the
36 purpose of sale or receipt of property described in (a) and (b) of this

1 subsection, except where the owner of the conveyance neither had
2 knowledge of nor consented to the transportation of the (~~special~~)
3 fuel by an unlicensed importer, blender, or manufacturer of fuel.

4 (2) Before seizing a common carrier conveyance, contract carrier
5 conveyance, or a conveyance secured by a bona fide security interest
6 where the secured party neither had knowledge of or consented to the
7 unlawful act or omission, the state patrol or the department of
8 licensing (~~shall~~) must give the common carrier, contract carrier, or
9 secured party, or their representatives within twenty-four hours, a
10 notice in writing served by mail or other means to cease transporting
11 fuel for any person not licensed to import, blend, or manufacture fuel
12 in this state.

13 (3) Property subject to forfeiture under this chapter may be seized
14 by the state patrol upon process issued by a superior court or district
15 court having jurisdiction over the property. Seizure without process
16 may be made if:

17 (a) The seizure is incident to an arrest or a search under a search
18 warrant or an administrative inspection; or

19 (b) The state patrol has probable cause to believe (~~that~~) the
20 property was used or is intended to be used in violation of this
21 chapter and exigent circumstances exist making procurement of a search
22 warrant impracticable.

23 **Sec. 133.** RCW 82.38.365 and 2003 c 358 s 8 are each amended to
24 read as follows:

25 In all cases of seizure of property made subject to forfeiture
26 under this chapter, the state patrol (~~shall~~) must proceed as follows:

27 (1) Forfeiture is deemed to have commenced by the seizure.

28 (2) The state patrol (~~shall~~) must list and particularly describe
29 in duplicate the conveyance seized. After the appropriate appeal
30 period has expired, a seized conveyance must be sold at a public
31 auction in accordance with chapter 43.19 RCW.

32 (3) The state patrol (~~shall~~) must list and particularly describe
33 in duplicate the (~~special~~) fuel seized. The selling price of the
34 fuel seized (~~will~~) must be the average terminal rack price for
35 similar fuel, at the closest terminal rack on the day of sale, unless
36 circumstance warrants that a different selling price is appropriate.
37 The method used to value the fuel must be documented. The fuel

1 ((will)) must be sold at the earliest point in time, and the total
2 price must include all appropriate state and federal taxes. The state
3 patrol or the department may enter into contracts for the
4 transportation, handling, storage, and sale of fuel subject to
5 forfeiture. ((The money received must be deposited in the motor
6 vehicle account, after deduction for expenses provided for in this
7 section.))

8 (4) The state patrol ((shall)) must, within five days after the
9 seizure of a conveyance or fuel, cause notice to be served on the owner
10 of the property seized, if known, on the person in charge of the
11 property, and on any other person having any known right or interest in
12 the property, of the seizure and intended forfeiture. The notice may
13 be served by any method authorized by law or court rule including but
14 not limited to service by mail. If service is by mail it must be by
15 both certified mail with return receipt requested and regular mail.
16 Service by mail is deemed complete upon mailing within the five-day
17 period after the date of seizure.

18 (5) If no person notifies the state patrol in writing of the
19 person's claim of ownership or right to possession of the items seized
20 within fifteen days of the date of the notice of seizure, the items
21 seized are considered forfeited.

22 (6) If any person notifies the state patrol, in writing, of the
23 person's claim of ownership or right to possession of the items seized
24 within fifteen days of the date of the notice of seizure, the person or
25 persons must be given a reasonable opportunity to be heard as to the
26 claim or right. The hearing must be before the director of licensing,
27 or the director's designee. A hearing and any appeals must be in
28 accordance with chapter 34.05 RCW. The burden of proof by a
29 preponderance of the evidence is upon the person claiming to be the
30 lawful owner or the person claiming to have the lawful right to
31 possession of the items seized. The state patrol and the department
32 ((shall)) must promptly return the conveyance seized, and money from
33 the sale of fuel seized, to the claimant upon a determination that the
34 claimant is the present lawful owner and is lawfully entitled to
35 possession of the items seized.

36 **Sec. 134.** RCW 82.38.370 and 2003 c 358 s 9 are each amended to
37 read as follows:

1 (c) Licensed fuel distributors who, upon determination by the
2 department, have sufficient resources, assets, other financial
3 instruments, or other means to adequately make payments on monthly fuel
4 tax payments, penalties, and interest.

5 (2) The department may require a licensee to post a bond if the
6 department determines a bond is required to protect the interests of
7 the state.

8 (3) The total amount of the bond or bonds is three times the
9 estimated monthly fuel tax liability. The total bonding amount may
10 never be less than five thousand dollars nor more than one hundred
11 thousand dollars.

12 (4) In lieu of a bond, a licensee may deposit with the state
13 treasurer, a like amount of money of the United States, or bonds or
14 other obligations of the United States, the state, or any county of the
15 state, of a market value not less than the amount of the required bond.

16 (5) The department may require a licensee to increase the bond
17 amount or to deposit additional securities as described in this section
18 if the security of the bond or the market value of the securities
19 becomes impaired or inadequate.

20 (6) Any surety on a bond furnished by a licensee must be released
21 and discharged from any liability accruing on such bond after the
22 expiration of forty-five days from the date the surety provided written
23 notification to the department. The provisions of this section do not
24 relieve, release, or discharge the surety from any liability accrued or
25 which will accrue before the expiration of the forty-five day period.
26 The department must promptly notify the licensee who furnished the
27 bond, and unless the licensee, on or before the expiration of the
28 forty-five day period, files a new bond the department must cancel the
29 license.

30 NEW SECTION. **Sec. 202.** DATE OF MAILING DEEMED DATE OF FILING OR
31 RECEIPT--TIMELY MAILING BARS PENALTIES AND TOLLS STATUTORY TIME
32 LIMITATIONS. An application, report, notice, payment, or claim for
33 credit or refund properly addressed and deposited in the United States
34 mail is deemed filed or received on the date shown by the post office
35 cancellation mark on the envelope. No penalty for delinquency
36 attaches, nor is the statutory period deemed to have elapsed in the
37 case of credit or refund claims, if it is established by competent

1 evidence that the application, report, notice, payment, or claim for
2 credit or refund was properly addressed and timely deposited in the
3 United States mail, if a duplicate of the document or payment is filed.

4 NEW SECTION. **Sec. 203.** DISCONTINUANCE, SALE, OR TRANSFER OF
5 BUSINESS--NOTICE--PAYMENT OF TAXES, INTEREST, PENALTIES. A licensee
6 who ceases to engage in business must notify the department in writing
7 at the time of cessation. The notice must give the date of cessation
8 and the name and address of any purchaser or transferee. The licensee
9 must file a report and pay all taxes, interest, and penalties owing.

10 NEW SECTION. **Sec. 204.** DYED SPECIAL FUEL--PENALTIES. (1) Unless
11 the use is exempt from the special fuel tax, or expressly authorized by
12 the federal internal revenue code and this chapter, a person having
13 dyed special fuel in the fuel supply tank of a motor vehicle that is
14 licensed or required to be licensed is subject to a civil penalty of
15 ten dollars for each gallon of dyed special fuel placed into the supply
16 tank of the motor vehicle, or one thousand dollars, whichever is
17 greater. The penalties must be collected and administered under this
18 chapter.

19 (2) A person who maintains dyed special fuel in bulk storage for an
20 intended sale or use in violation of this chapter is subject to a civil
21 penalty of ten dollars for each gallon of dyed special fuel, or one
22 thousand dollars, whichever is greater, currently or previously
23 maintained in bulk storage by the person. The penalties must be
24 collected and administered under this chapter.

25 (3) For the purposes of enforcement of this section, the Washington
26 state patrol or other commercial vehicle safety alliance-certified
27 officers may inspect, collect, and secure samples of special fuel used
28 in the propulsion of a vehicle operated upon the highways of this state
29 to detect the presence of dye or other chemical compounds.

30 (4) RCW 43.05.110 does not apply to the civil penalties imposed
31 under subsection (1) of this section.

32 NEW SECTION. **Sec. 205.** DEDUCTIONS--HANDLING LOSSES--REPORTS.
33 Upon the taxable removal of motor vehicle fuel, the licensee who
34 acquired or removed the motor vehicle fuel, other than a motor vehicle
35 fuel distributor acting as an exporter, is entitled to a deduction from

1 the tax liability on the gallonage of taxable motor vehicle fuel
2 removed in order to account for handling losses, as follows: For a
3 motor vehicle fuel supplier acting as a distributor, one-quarter of one
4 percent; and for all other licensees, thirty one-hundredths of one
5 percent. For those licensees required to file tax reports, the
6 handling loss deduction must be reported on tax reports.

7 NEW SECTION. **Sec. 206.** INJUNCTIONS--WRITS. No injunction or writ
8 of mandate or other legal or equitable process may be issued in any
9 suit, action, or proceeding in any court against this state or against
10 any officer of the state to prevent or enjoin the collection under this
11 chapter of any tax or any amount of tax required to be collected.

12 NEW SECTION. **Sec. 207.** REFUND TO AERONAUTICS ACCOUNT. At least
13 once each fiscal year, the director must request the state treasurer to
14 refund from the motor vehicle fund, to the aeronautics account created
15 under RCW 82.42.090, an amount equal to 0.028 percent of the gross
16 motor vehicle fuel tax less an amount equal to aircraft fuel taxes
17 transferred to that account as a result of nonhighway refunds claimed
18 by motor fuel purchasers. The refund is considered compensation for
19 unclaimed motor vehicle fuel that is used in aircraft for purposes
20 taxable under RCW 82.42.020. The director must also remit from the
21 motor vehicle fund the taxes required by RCW 82.12.0256(2)(d) for the
22 unclaimed refunds, provided that the sum of the amount refunded and the
23 amount remitted in accordance with RCW 82.12.0256(2)(d) does not exceed
24 the unclaimed refunds.

25 NEW SECTION. **Sec. 208.** PAYMENT OF TAX BY A NONLICENSEE. Every
26 person, other than a licensee, who acquires fuel upon which payment of
27 tax is required must, if the tax has not been paid, comply with the
28 provisions of this chapter, and pay tax at the rate provided in RCW
29 82.38.030. The person is subject to the same duties and penalties
30 imposed upon licensees.

31 **PART III**

32 **AIRCRAFT FUEL TAX--AMENDATORY PROVISIONS**

1 **Sec. 301.** RCW 82.42.010 and 1983 c 49 s 1 are each amended to read
2 as follows:

3 ~~((For the purposes of this chapter:~~
4 ~~(+))~~) The definitions in this section apply throughout this chapter
5 unless the context clearly requires otherwise.

6 (1) "Air carrier" means any airline, air cargo carrier, air taxi,
7 air commuter, or air charter operator, that provides routine air
8 service to the general population for compensation or hire, and
9 operates at least fifteen round trips per week between two or more
10 points and publishes flight schedules which specify the times, days of
11 the week, and points between which it operates. Where it is doubtful
12 that an operation is for "compensation or hire," the test applied is
13 whether the air service is merely incidental to the person's other
14 business or is, in itself, a major enterprise for profit.

15 (2) "Department" means the department of licensing((+)).

16 ~~((+2))~~ (3) "Director" means the director of licensing((+)).

17 ~~((+3))~~ (4) "Person" means every natural person, firm, partnership,
18 association, or private or public corporation((+)).

19 ~~((+4))~~ (5) "Aircraft" means every contrivance now known or
20 hereafter invented, used or designed for navigation of or flight in the
21 air, operated or propelled by the use of aircraft fuel((+)).

22 ~~((+5))~~ (6) "Aircraft fuel" means gasoline and any other
23 inflammable liquid, by whatever name such liquid is known or sold, the
24 chief use of which is as fuel for the propulsion of aircraft, except
25 gas or liquid, the chief use of which as determined by the director, is
26 for purposes other than the propulsion of aircraft((+)).

27 ~~((+6))~~ (7) "Dealer" means any person engaged in the retail sale of
28 aircraft fuel((+)).

29 ~~((+7))~~ (8) "Distributor" means any person engaged in the sale of
30 aircraft fuel to any dealer and ((shall)) includes any dealer from whom
31 the tax hereinafter imposed has not been collected((+)).

32 ~~((+8) "Weighted average retail sales price of aircraft fuel" means~~
33 ~~the average retail sales price, excluding any federal excise tax, of~~
34 ~~the several grades of aircraft fuel sold by dealers throughout the~~
35 ~~state (less any state excise taxes on the sale, distribution, or use~~
36 ~~thereof) upon which fuel the tax levied by this chapter has been~~
37 ~~collected, weighted to reflect the quantities sold at each price;~~

1 ~~(9) "Fiscal half-year" means a six-month period ending June 30th or~~
2 ~~December 31st;~~

3 ~~(10))~~ (9) "Local service commuter" means an air taxi operator who
4 operates at least five round-trips per week between two or more points;
5 publishes flight schedules which specify the times, days of the week,
6 and points between which it operates; and whose aircraft has a maximum
7 capacity of sixty passengers or eighteen thousand pounds of useful
8 load.

9 **Sec. 302.** RCW 82.42.020 and 2005 c 341 s 3 are each amended to
10 read as follows:

11 ~~There is ((hereby levied, and there shall be collected by every~~
12 ~~distributor of aircraft fuel, an excise tax at the rate of eleven cents~~
13 ~~on each gallon of aircraft fuel sold, delivered, or used in this state:~~
14 ~~PROVIDED HOWEVER, That such aircraft fuel excise tax shall not apply to~~
15 ~~fuel for aircraft that both operate from a private, non-state-funded~~
16 ~~airfield during at least ninety-five percent of the aircraft's normal~~
17 ~~use and are used principally for the application of pesticides,~~
18 ~~herbicides, or other agricultural chemicals and shall not apply to fuel~~
19 ~~for emergency medical air transport entities: PROVIDED FURTHER, That~~
20 ~~there shall be collected from every consumer or user of aircraft fuel~~
21 ~~either the use tax imposed by RCW 82.12.020, as amended, or the retail~~
22 ~~sales tax imposed by RCW 82.08.020, as amended, collection procedure to~~
23 ~~be as prescribed by law and/or rule or regulation of the department of~~
24 ~~revenue. The taxes imposed by this chapter shall be collected and paid~~
25 ~~to the state but once in respect to any aircraft fuel.~~

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

1 excise tax at the rate of eleven cents on each gallon of aircraft fuel
2 sold, delivered, or used in this state. There must be collected from
3 every user of aircraft fuel either the use tax imposed by RCW 82.12.020
4 or the retail sales tax imposed by RCW 82.08.020. The taxes imposed by
5 this chapter must be collected and paid to the state but once in
6 respect to any aircraft fuel.

7 **Sec. 303.** RCW 82.42.030 and 2005 c 341 s 4 are each amended to
8 read as follows:

9 ((1)) The provision of RCW 82.42.020 imposing the payment of an
10 excise tax on each gallon of aircraft fuel sold, delivered or used in
11 this state ((shall)) does not apply to:

12 (1) Aircraft fuel sold for export((, nor to aircraft fuel used for
13 the following purposes: (a) The operation of aircraft when such use is
14 by any air carrier or supplemental air carrier operating under a
15 certificate of public convenience and necessity under the provisions of
16 the Federal Aviation Act of 1958, Public Law 85-726, as amended; (b)
17 the operation of aircraft for testing or experimental purposes; (c) the
18 operation of aircraft when such operation is for the training of crews
19 in Washington state for purchasers of aircraft who are certified air
20 carriers; and (d) the operation of aircraft in the operations of a
21 local service commuter: PROVIDED, That the director's determination as
22 to a particular activity for which aircraft fuel is used as being an
23 exemption under this section, or otherwise, shall be final.

24 (2) ~~To claim an exemption on account of sales by a licensed~~
25 ~~distributor of aircraft fuel for export, the purchaser shall obtain~~
26 ~~from the selling distributor, and such selling distributor must furnish~~
27 ~~the purchaser, an invoice giving such details of the sale for export as~~
28 ~~the director may require, copies of which shall be furnished the~~
29 ~~department and the entity of the state or foreign jurisdiction of~~
30 ~~destination which is charged by the laws of that state or foreign~~
31 ~~jurisdiction with the control or monitoring or both, of the sales or~~
32 ~~movement of aircraft fuel in that state or foreign jurisdiction.~~

33 (3) ~~For the purposes of this section, "air carrier" means an~~
34 ~~airline, air cargo carrier, air taxi, air commuter, or air charter~~
35 ~~operator, that provides routine air service to the general public for~~
36 ~~compensation or hire, and operates at least fifteen round trips per~~
37 ~~week between two or more points and publishes flight schedules which~~

1 ~~specify the times, days of the week, and points between which it~~
2 ~~operates. Where it is doubtful that an operation is for "compensation~~
3 ~~or hire," the test applied is whether the air service is merely~~
4 ~~incidental to the person's other business or is, in itself, a major~~
5 ~~enterprise for profit)) and exported from this state;~~

6 (2) Aircraft fuel imported into the state in interstate or foreign
7 commerce and intended to be sold while in interstate or foreign
8 commerce;

9 (3) Aircraft fuel sold to an agency of the United States
10 government;

11 (4) Aircraft fuel delivered directly into the aircraft fuel tanks
12 of equipment operated by an air carrier or supplemental air carrier
13 operating under a certificate of public convenience and necessity under
14 the provisions of the federal aviation act of 1958, P.L. 85-726, as
15 amended;

16 (5) Aircraft fuel delivered directly into the aircraft fuel tanks
17 of equipment operated by a local service commuter;

18 (6) Aircraft fuel sold to emergency medical air transport entities;

19 (7) Aircraft fuel sold to a licensed aircraft fuel distributor; and

20 (8) Aircraft fuel delivered into the bulk storage tank of a
21 certified user.

22 **Sec. 304.** RCW 82.42.040 and 2008 c 181 s 507 are each amended to
23 read as follows:

24 ~~((The director shall by rule and regulation adopted as provided in~~
25 ~~chapter 34.05 RCW (Administrative Procedure Act) set up the necessary~~
26 ~~administrative procedure for collection by the department of the~~
27 ~~aircraft fuel excise tax as provided for in RCW 82.42.020, placing the~~
28 ~~responsibility of collection of said tax upon every distributor of~~
29 ~~aircraft fuel within the state; he may require the licensing of every~~
30 ~~distributor of aircraft fuel and shall require such a corporate surety~~
31 ~~bond or security of any distributor or person not otherwise bonded~~
32 ~~under provisions of chapter 82.36 RCW as is provided for distributors~~
33 ~~of motor vehicle fuel under RCW 82.36.060; he shall provide such forms~~
34 ~~and may require such reports or statements as in his determination~~
35 ~~shall be necessary for the proper administration of this chapter. The~~
36 ~~director may require such records to be kept, and for such periods of~~
37 ~~time, as deemed necessary for the administration of this chapter, which~~

1 records shall be available at all times for the director or his
2 representative who may require a statement under oath as to the
3 contents thereof. During a state of emergency declared under RCW
4 43.06.010(12), the director, on his or her own motion or at the request
5 of any taxpayer affected by the emergency, may extend the time for
6 filing any report or the due date for tax remittances as the director
7 deems proper.

8 Every application for a distributor's license must contain the
9 following information to the extent it applies to the applicant:

10 (1) Proof as the department may require concerning the applicant's
11 identity, including but not limited to his or her fingerprints or those
12 of the officers of a corporation making the application;

13 (2) The applicant's form and place of organization including proof
14 that the individual, partnership, or corporation is licensed to do
15 business in this state;

16 (3) The qualification and business history of the applicant and any
17 partner, officer, or director;

18 (4) The applicant's financial condition or history including a bank
19 reference and whether the applicant or any partner, officer, or
20 director has ever been adjudged bankrupt or has an unsatisfied judgment
21 in a federal or state court;

22 (5) Whether the applicant has been adjudged guilty of a crime that
23 directly relates to the business for which the license is sought and
24 the time elapsed since the conviction is less than ten years, or has
25 suffered a judgment within the preceding five years in a civil action
26 involving fraud, misrepresentation, or conversion and in the case of a
27 corporation or partnership, all directors, officers, or partners.

28 After receipt of an application for a license, the director may
29 conduct an investigation to determine whether the facts set forth are
30 true. The director may require a fingerprint record check of the
31 applicant through the Washington state patrol criminal identification
32 system and the federal bureau of investigation before issuance of a
33 license. The results of the background investigation including
34 criminal history information may be released to authorized department
35 personnel as the director deems necessary. The department shall charge
36 a license holder or license applicant a fee of fifty dollars for each
37 background investigation conducted.

1 ~~An applicant who makes a false statement of a material fact on the~~
2 ~~application may be prosecuted for false swearing as defined by RCW~~
3 ~~9A.72.040-))~~ (1) Application for a license must be made to the
4 department. The application must be filed in a manner prescribed by
5 the department and must contain information the department requires.

6 (2) For purposes of this section, the term "applicant" has the same
7 meaning as provided for "person" in RCW 82.42.010.

8 (3) An application for a license must contain the following
9 information to the extent it applies to the applicant:

10 (a) Proof, as the department may require, concerning the
11 applicant's identity;

12 (b) The applicant's business structure and place of business,
13 including proof the applicant is licensed to conduct business in this
14 state;

15 (c) The employment history of the applicant and any partner,
16 officer, or director of the applicant;

17 (d) A bank reference and whether the applicant or any partner,
18 officer, or director of the applicant has ever been adjudged bankrupt
19 or has an unsatisfied judgment;

20 (e) Whether the applicant has been adjudged guilty of a crime or
21 suffered a civil judgment directly related to the distribution and sale
22 of fuel within the last ten years;

23 (f) Each state, province, or country that the applicant intends to
24 import fuel from by means other than bulk transfer. An applicant must
25 also show proof that the applicant has maintained the appropriate
26 license required of each state, province, or country; and

27 (g) Each state, province, or country that the applicant intends to
28 export fuel to by means other than bulk transfer. An applicant must
29 also show proof that the applicant has maintained the appropriate
30 license required of each state, province, or country.

31 (4) An applicant must submit a surety bond in an amount, form, and
32 manner set by the department. In lieu of a bond, an applicant may
33 provide evidence to the department of sufficient assets to adequately
34 meet tax payments, penalties, interest, or other obligations arising
35 out of this chapter.

36 (5) For the purposes of considering any application for a license,
37 the department may inspect, cause an inspection, investigate, or cause
38 an investigation of the records of this or any other state, province,

1 country, or the federal government to ascertain the veracity of the
2 information on the application and the applicant's criminal, civil, and
3 licensing history.

4 (6) An applicant who makes a false statement of a material fact on
5 the application may be prosecuted for false swearing as defined by RCW
6 9A.72.040.

7 **Sec. 305.** RCW 82.42.090 and 1995 c 170 s 1 are each amended to
8 read as follows:

9 All (~~moneys collected by the director from the aircraft fuel~~
10 ~~excise tax as provided in RCW 82.42.020 shall be transmitted to the~~
11 ~~state treasurer and shall be credited to the aeronautics account hereby~~
12 ~~created in the transportation fund of the state treasury. Moneys~~
13 ~~collected from the consumer or user of aircraft fuel from either the~~
14 ~~use tax imposed by RCW 82.12.020 or the retail sales tax imposed by RCW~~
15 ~~82.08.020 shall be transmitted to the state treasurer and credited to))
16 taxes, interest, and penalties collected under this chapter must be
17 deposited into the aeronautics account. All taxes, interest, and
18 penalties collected from the consumer or user of aircraft fuel from
19 either the use tax imposed by RCW 82.12.020 or the retail sales tax
20 imposed by RCW 82.08.020 must be deposited into the state general fund.~~

21 **Sec. 306.** RCW 82.42.110 and 1982 1st ex.s. c 25 s 9 are each
22 amended to read as follows:

23 Every person other than a distributor who acquires any aircraft
24 fuel within this state upon which payment of tax is required under the
25 provisions of this chapter, or imports such aircraft fuel into this
26 state and sells, delivers, or in any manner uses it in this state
27 (~~shall~~), if the tax has not been paid, (~~be~~) is subject to the
28 provisions of (~~RCW 82.42.040 provided for~~) this chapter provided for
29 aircraft fuel distributors and (~~shall~~) must pay a tax at the rate
30 computed under RCW (~~82.42.025~~) 82.42.020 for each gallon thereof so
31 sold, delivered, or used in the manner provided for distributors. The
32 proceeds of the tax imposed by this section (~~shall~~) must be
33 distributed in the manner provided for the distribution of the aircraft
34 fuel tax in RCW 82.42.090. For failure to comply with the terms of
35 this chapter, such person (~~shall be~~) is subject to the same penalties
36 imposed upon distributors. The director (~~shall~~) must pursue against

1 such persons the same procedure and remedies for audits, adjustments,
2 collection, and enforcement of this chapter as is provided with respect
3 to distributors. Nothing herein (~~shall~~) must be construed as
4 classifying such persons as distributors.

5 **Sec. 307.** RCW 82.42.125 and 1997 c 183 s 11 are each amended to
6 read as follows:

7 ~~((An aircraft fuel licensee, who files or against whom is filed a
8 petition in bankruptcy, shall, within ten days of the filing, notify
9 the department of the proceedings in bankruptcy, including the identity
10 and location of the court in which the proceedings are pending.))~~ A
11 licensee who files a bankruptcy petition, or against whom a petition
12 for bankruptcy is filed, must notify the department of the filing
13 within ten days of the filing. The notice must include the name and
14 location of the court in which the petition was filed.

15 **PART IV**

16 **AIRCRAFT FUEL--NEW SECTIONS**

17 NEW SECTION. **Sec. 401.** ADMINISTRATION AND ENFORCEMENT. (1) The
18 department may prescribe, adopt, and enforce reasonable rules relating
19 to administration and enforcement of this chapter.

20 (2) The department or its authorized representative is empowered to
21 examine the books, papers, records, and equipment of any person
22 distributing, transporting, storing, or using aircraft fuel and to
23 investigate the disposition any person makes of aircraft fuel to
24 determine whether all taxes due or refundable are properly reported,
25 paid, or claimed. If books, papers, records, and equipment are not
26 maintained in this state at the time of demand the department does not
27 lose any right of examination.

28 (3) The director may, from time to time, require additional reports
29 from any licensee with reference to any of the matters herein
30 concerned. Such reports must be made and filed on forms prepared by
31 the director.

32 (4) For the purpose of any investigation or proceeding, the
33 director or designee may administer oaths and affirmations, subpoena
34 witnesses, compel their attendance, take evidence, and require the

1 production of any books, papers, correspondence, memoranda, agreements,
2 or other documents or records which the director deems relevant or
3 material to the inquiry.

4 (5) In the case of contumacy by or refusal to obey a subpoena
5 issued to, any person, any court of competent jurisdiction upon
6 application by the director, may issue to that person an order
7 requiring appearance before the director or designee to produce
8 testimony of other evidence regarding the matter under investigation or
9 in question.

10 (6) The department must, upon request from officials responsible
11 for enforcement of aircraft fuel tax laws of any state, the District of
12 Columbia, the United States, its territories and possessions, the
13 provinces or the dominion of Canada, forward information relative to
14 the receipt, storage, delivery, sale, use, or other disposition of
15 aircraft fuel by any person if the other furnishes like information.

16 (7) The department may enter into an aircraft fuel tax cooperative
17 agreement with another state, the District of Columbia, the United
18 States, its territories and possessions, or Canadian Province for the
19 administration, collection, and enforcement of their respective fuel
20 taxes.

21 (8) The foregoing remedies of the state in this chapter are
22 cumulative and no action taken by the department may be construed to be
23 an election on the part of the state or any of its officers to pursue
24 any remedy hereunder to the exclusion of any other remedy for which
25 provision is made in this chapter.

26 NEW SECTION. **Sec. 402.** ASSESSMENTS--WARRANT--LIEN--FILING FEE--
27 WRITS OF EXECUTION AND GARNISHMENT. When an assessment becomes final
28 the department may file with the clerk of any county within the state
29 a warrant in the amount of the assessment of taxes, penalties, interest
30 and a filing fee under RCW 36.18.012(10). The warrant is a lien upon
31 title to, and interest in all real and personal property of the person
32 against whom the warrant is issued. The warrant is sufficient to
33 support the issuance of writs of execution and writs of garnishment in
34 favor of the state.

35 NEW SECTION. **Sec. 403.** BONDING REQUIREMENTS. (1) A license may
36 not be issued or continued in force unless a bond is provided to secure

1 payment of all taxes, interest, and penalties. This requirement may be
2 waived for licensees properly bonded under the provisions of chapter
3 82.38 RCW or licensed aircraft fuel distributors who, upon
4 determination by the department, have sufficient resources, assets,
5 other financial instruments, or other means to adequately make payments
6 on monthly aircraft fuel tax payments, penalties, and interest.

7 (2) The department may require a licensee to post a bond if the
8 department determines a bond is required to protect the interests of
9 the state.

10 (3) The total amount of the bond or bonds is three times the
11 estimated monthly aircraft fuel tax liability. The total bonding
12 amount may never be less than five thousand dollars nor more than one
13 hundred thousand dollars.

14 (4) In lieu of a bond, a licensee may deposit with the state
15 treasurer, a like amount of money of the United States or bonds or
16 other obligations of the United States, the state, or any county of the
17 state, of a market value not less than the amount of the required bond.

18 (5) The department may require a licensee to increase the bond
19 amount or to deposit additional securities as described in this section
20 if the security of the bond or the market value of the securities
21 becomes impaired or inadequate.

22 (6) Any surety on a bond furnished by a licensee must be released
23 and discharged from any liability accruing on such bond after the
24 expiration of forty-five days from the date the surety provided written
25 notification to the department. This subsection does not relieve,
26 release, or discharge the surety from any liability accrued or which
27 will accrue before the expiration of the forty-five day period. The
28 department must promptly notify the licensee who furnished the bond,
29 and unless the licensee, on or before the expiration of the forty-five
30 day period, files a new bond the department must cancel the license.

31 NEW SECTION. **Sec. 404.** CIVIL AND STATUTORY PENALTIES AND
32 INTEREST--DEFICIENCY ASSESSMENTS. (1) If any licensee fails to pay any
33 taxes due the state of Washington within the time prescribed in this
34 chapter, the licensee must pay a penalty of ten percent of the tax due.

35 (2) If the tax reported by any licensee is deficient a penalty of
36 ten percent of the deficiency must be assessed.

1 (3) If any licensee, whether or not licensed as such, fails,
2 neglects, or refuses to file a required fuel tax report, the department
3 must determine the tax liability and add the penalty provided in
4 subsection (2) of this section to the liability. An assessment made by
5 the department pursuant to this subsection or to subsection (2) of this
6 section is presumed to be correct, and the burden is on the person who
7 challenges the assessment to establish by a fair preponderance of the
8 evidence that it is erroneous or excessive.

9 (4) If any licensee establishes by a fair preponderance of evidence
10 that failure to file a report or pay the proper amount of tax within
11 the time prescribed was due to reasonable cause and was not intentional
12 or willful, the department may waive the penalty prescribed in
13 subsections (1) and (2) of this section.

14 (5) If any licensee files a false or fraudulent report with intent
15 to evade the tax imposed by this chapter, a penalty of twenty-five
16 percent of the deficiency must be added to the amount of deficiency,
17 which is in addition to all other penalties prescribed by law.

18 (6) If any person acts as a licensee without first securing the
19 required license, all fuel tax liability incurred by that person
20 becomes immediately due and payable. The department must determine the
21 amount of the tax liability and must assess the person along with a
22 penalty of one hundred percent of the tax.

23 (7) Any fuel tax, penalties, and interest payable under this
24 chapter bear interest at the rate of one percent per month, or fraction
25 thereof, from the first day of the calendar month after the amount or
26 any portion thereof should have been paid until the date of payment.
27 The department may waive interest when it determines the cost of
28 processing the collection exceeds the amount of interest due.

29 (8) Except in the case of violations of filing a false or
30 fraudulent report, if the department deems mitigation of penalties and
31 interest to be reasonable and in the best interests of carrying out the
32 purpose of this chapter, it may mitigate the assessments.

33 (9) Except in the case of a fraudulent report or failure to file a
34 report, deficiencies, penalties, and interest must be assessed within
35 five years from the twenty-fifth day of the next succeeding month
36 following the reporting period for which the amount is determined or
37 within five years after the return is filed, whichever period expires
38 later.

1 (10)(a) Any licensee against whom an assessment is made under the
2 provisions of subsection (2) or (3) of this section may petition for a
3 reassessment within thirty days after service upon the licensee of the
4 assessment. If such petition is not filed within such thirty-day
5 period, the amount of the assessment becomes final.

6 (b) If a petition for reassessment is filed within the thirty-day
7 period, the department must reconsider the assessment and, if the
8 licensee has requested in the petition, must grant an informal hearing
9 and give ten days' notice of the time and place. The department may
10 continue the hearing as needed. The decision of the department upon a
11 petition for reassessment becomes final thirty days after service upon
12 the licensee.

13 (11) Every assessment made by the department becomes due and
14 payable at the time it becomes final and if not timely paid to the
15 department a penalty of ten percent of the amount of the tax must be
16 added to the assessment.

17 (12) Any notice of assessment required by this section must be
18 served by depositing such notice in the United States mail, postage
19 prepaid addressed to the licensee at the address shown in the records
20 of the department.

21 (13) Any licensee who has had a fuel license revoked must pay a one
22 hundred dollar penalty prior to the issuance of a new license.

23 NEW SECTION. **Sec. 405.** COMPUTATION AND PAYMENT OF TAX--
24 REMITTANCE--ELECTRONIC FUNDS TRANSFER. (1) The tax must be computed by
25 multiplying the tax rate per gallon by the number of gallons of fuel
26 subject to the fuel tax.

27 (2) An aircraft fuel distributor is liable for and must pay the tax
28 imposed under RCW 82.42.020 to the department on or before the
29 twenty-fifth day of the month immediately following the reporting
30 period. The tax report required in section 413 of this act must
31 accompany the remittance.

32 (3) If the tax is paid by electronic funds transfer, the tax must
33 be paid on or before the twenty-sixth calendar day of the month
34 immediately following the reporting period. If the payment due date
35 falls on a Saturday, Sunday, or legal holiday, payment is due on the
36 state business day immediately preceding the due date.

1 (4) The tax must be paid by electronic funds transfer whenever the
2 amount due is fifty thousand dollars or more.

3 NEW SECTION. **Sec. 406.** DATE OF MAILING DEEMED DATE OF FILING OR
4 RECEIPT--TIMELY MAILING BARS PENALTIES AND TOLLS STATUTORY TIME
5 LIMITATIONS. An application, report, notice, payment, or claim for
6 credit or refund properly addressed and deposited in the United States
7 mail is deemed filed or received on the date shown by the post office
8 cancellation mark on the envelope. No penalty for delinquency
9 attaches, nor is the statutory period deemed to have elapsed in the
10 case of credit or refund claims, if it is established by competent
11 evidence that the application, report, notice, payment, or claim for
12 credit or refund was properly addressed and timely deposited in the
13 United States mail, if a duplicate of the document or payment is filed.

14 NEW SECTION. **Sec. 407.** DELINQUENCY. (1) If a person is
15 delinquent in the payment of any obligation, the department may give
16 notice of the amount of delinquency to persons having possession or
17 control of credits, personal and real property belonging to the person,
18 or owing debts to the person. Any person notified may not transfer or
19 dispose of credits, personal and real property, or debts without the
20 consent of the department. A person notified must, within twenty days
21 after receipt of notice, advise the department of any credits, personal
22 and real property, or debts in their possession, under their control or
23 owing by them, and must immediately deliver the credits, personal and
24 real property, or debts to the department.

25 (2) The notice and order to withhold and deliver constitutes a
26 continuing lien on property of the person. The department must include
27 in the notice to withhold and deliver "continuing lien." The effective
28 date of a notice to withhold and deliver is the date of mailing.

29 (3) If a person fails to timely answer the notice, a court may
30 render a judgment, plus costs by default against the person.

31 NEW SECTION. **Sec. 408.** DELINQUENCY--SEIZURE AND SALE OF PROPERTY.
32 (1) If a person is delinquent in the payment of any obligation and the
33 delinquency continues after notice and demand for payment the
34 department must collect the amount due. The department must seize any
35 property subject to the lien of tax, penalty, and interest and sell it

1 at public auction. Notice of sale and the time and place must be given
2 to the person and to all persons appearing with an interest in the
3 property. The notice must be in writing at least ten days before the
4 date of sale. Notice must be published for at least ten days before
5 the date of sale in a newspaper of general circulation published in the
6 county the property will be sold. If there is no newspaper of general
7 circulation in the county, the notice must be posted in three public
8 places in the county for a period of ten days. The notice must contain
9 a description of the property together with a statement of the amount
10 due, the name of the person and a statement that unless the amount is
11 paid on or before the time in the notice the property will be sold.

12 (2) The department must sell the property and deliver to the
13 purchaser a bill of sale or deed. If the moneys received exceed the
14 amount due from the person, the excess must be returned to the person
15 and a receipt obtained. If any person having an interest in or lien
16 upon the property has filed notice with the department prior to the
17 sale, the department must withhold payment of any excess to the person
18 pending determination of the rights of the respective parties by a
19 court of competent jurisdiction. If the receipt of the person is not
20 available, the department must deposit the excess with the state
21 treasurer as trustee for the person or their heirs, successors, or
22 assigns. Prior to making any seizure of property, the department may
23 first serve upon the person's bondsperson a notice of delinquency and
24 demand for payment of the amount due.

25 NEW SECTION. **Sec. 409.** DISCONTINUANCE, SALE, OR TRANSFER OF
26 BUSINESS--NOTICE--PAYMENT OF TAXES, INTEREST, PENALTIES. A licensee
27 who ceases to engage in business must notify the department in writing
28 at the time of cessation. The notice must give the date of cessation
29 and the name and address of any purchaser or transferee. The licensee
30 must file a report and pay all taxes, interest, and penalties owing.

31 NEW SECTION. **Sec. 410.** INJUNCTIONS--WRITS. No injunction or writ
32 of mandate or other legal or equitable process may be issued in any
33 suit, action, or proceeding in any court against this state or against
34 any officer of the state to prevent or enjoin the collection under this
35 chapter of any tax or any amount of tax required to be collected.

1 NEW SECTION. **Sec. 411.** DENIAL--SUSPENSION--REVOCATION. (1) The
2 department may refuse to issue to, or suspend or revoke a license of
3 any licensee or applicant:

4 (a) Who formerly held a license issued under chapter 82.36, 82.38,
5 82.42, or 46.87 RCW which has been suspended or revoked for cause;

6 (b) Who is a subterfuge for the real party in interest whose
7 license issued under chapter 82.36, 82.38, 82.42, or 46.87 RCW has been
8 revoked for cause;

9 (c) Who, as an individual licensee, or partner, officer, director,
10 owner, or managing employee of a licensee, has had a license issued
11 under chapter 82.36, 82.38, 82.42, or 46.87 RCW denied, suspended, or
12 revoked for cause;

13 (d) Who has an unsatisfied debt to the state assessed under either
14 chapter 82.36, 82.38, 82.42, or 46.87 RCW;

15 (e) Who formerly held as an individual, partner, officer, director,
16 owner, managing employee of a licensee, or subterfuge for a real party
17 in interest, a license issued by the federal government or a state that
18 allowed a person to buy or sell untaxed motor vehicle or special fuel,
19 which, has been suspended or revoked for cause;

20 (f) Who pled guilty to or was convicted as an individual, partner,
21 officer, director, owner, or managing employee of a licensee in this or
22 any other state, Canadian province, or in any federal jurisdiction of
23 a gross misdemeanor or felony crime directly related to the fuel
24 distribution business or has been subject to a civil judgment involving
25 fraud, misrepresentation, conversion, or dishonesty, notwithstanding
26 chapter 9.96A RCW;

27 (g) Who misrepresented or concealed a material fact in obtaining a
28 license or reinstating a license;

29 (h) Who violated a statute or administrative rule regulating fuel
30 taxation or distribution;

31 (i) Who failed to cooperate with the department's investigations
32 by:

33 (i) Not furnishing papers or documents;

34 (ii) Not furnishing in writing a full and complete explanation
35 regarding a matter under investigation by the department; or

36 (iii) Not responding to subpoenas issued by the department, whether
37 or not the recipient of the subpoena is the subject of the proceeding;

38 (j) Who failed to comply with an order issued by the director; or

1 (k) Upon other sufficient cause being shown.

2 (2) Before such refusal, suspension, or revocation the department
3 must grant the applicant a hearing and must grant the applicant at
4 least twenty days' written notice of the time and place thereof.

5 NEW SECTION. **Sec. 412.** PAYMENT OF TAX BY A NONLICENSEE. Every
6 person, other than a licensee, who acquires fuel upon which payment of
7 tax is required, if the tax has not been paid, must comply with the
8 provisions of this chapter, and pay tax at the rate provided in RCW
9 82.42.020. The person is subject to the same duties and penalties
10 imposed upon licensees.

11 NEW SECTION. **Sec. 413.** PERIODIC TAX REPORTS. (1) For the purpose
12 of determining the amount of liability for the tax imposed under this
13 chapter, each aircraft fuel distributor must file monthly tax reports
14 with the department.

15 (2) Tax reports must be filed on or before the twenty-fifth day of
16 the calendar month following the reporting period to which it relates.
17 A report must be filed even though no tax is due for the reporting
18 period. Each report must contain a declaration that the statements
19 contained therein are true and are made under penalties of perjury.
20 The report must show information as the department may reasonably
21 require for the proper administration and enforcement of this chapter.

22 (3) If the filing date falls on a Saturday, Sunday, or legal
23 holiday the next secular or business day is the filing date.

24 (4) The department in order to insure payment of the tax or to
25 facilitate administration of this chapter may require the filing of
26 reports and tax remittances at intervals other than one month.

27 (5) During a state of emergency declared under RCW 43.06.010(12),
28 the department, on its own motion or at the request of any taxpayer
29 affected by the emergency, may extend the time for filing any report or
30 the due date for tax remittances as the department deems proper.

31 NEW SECTION. **Sec. 414.** FUEL RECORDS. (1) Every person importing,
32 manufacturing, refining, transporting, blending, or storing aircraft
33 fuel must keep for a period of five years open to inspection at all
34 times during the business hours of the day to the department or its

1 authorized representatives, a complete record of all aircraft fuel
2 purchased or received and all aircraft fuel sold, delivered, or used by
3 them.

4 (2) Records must show:

5 (a) The date of receipt;

6 (b) The name and address of the person from whom purchased or
7 received;

8 (c) The number of gallons received at each place of business or
9 place of storage in the state of Washington;

10 (d) The date of sale or delivery;

11 (e) The number of gallons sold, delivered, or used for taxable
12 purposes;

13 (f) The number of gallons sold, delivered, or used for any purpose
14 not subject to tax;

15 (g) The name, address, and aircraft fuel license number of the
16 purchaser if the fuel tax is not collected on the sale or delivery;

17 (h) The physical inventories of aircraft fuel and petroleum
18 products on hand at each place of business at the end of each month;

19 (i) Stocks of raw gasoline, gasoline stock, diesel oil, kerosene,
20 kerosene distillates, casing head gasoline, and other petroleum
21 products which may be used in the compounding, blending, or
22 manufacturing of aircraft fuel.

23 (3) The department may require a person other than a licensee
24 engaged in the business of selling, purchasing, distributing, storing,
25 transporting, or delivering aircraft fuel to submit periodic reports to
26 the department regarding the disposition of the aircraft fuel. The
27 reports must be on forms prescribed by the department and must contain
28 information as the department may require.

29 (4) Every person operating any conveyance transporting fuel in bulk
30 must possess during the entire time an invoice, bill of sale, or other
31 statement showing the name, address, and license number of the seller
32 or consigner, the destination, name, and address of the purchaser or
33 consignee, license number, if applicable, and the number of gallons.
34 The person transporting fuel must at the request of any law enforcement
35 officer or authorized representative of the department, produce for
36 inspection required records and must permit inspection of the contents
37 of the vehicle.

1 NEW SECTION. **Sec. 415.** SUILS FOR RECOVERY OF TAXES ILLEGALLY OR
2 ERRONEOUSLY COLLECTED. (1) No suit or proceeding may be maintained in
3 any court for the recovery of any amount alleged to have been overpaid
4 under RCW 82.42.020 unless a claim for refund or credit has been duly
5 filed pursuant to section 416 of this act.

6 (2) Within ninety days after the mailing of the notice of the
7 department's action upon a claim filed pursuant to section 416 of this
8 act, the claimant may bring an action against the department on the
9 grounds set forth in the claim in a court of competent jurisdiction in
10 Thurston county for the recovery of the whole or any part of the amount
11 with respect to which the claim has been disallowed. Failure to bring
12 action within the time specified constitutes a waiver of any demand
13 against the state on account of the alleged overpayments.

14 (3) If the department fails to mail notice of action on a claim
15 within six months after the claim is filed, the claimant may, prior to
16 the mailing of notice by the department of its intention on the claim,
17 consider the claim disallowed and bring an action against the
18 department, on the grounds set forth in the claim for the recovery of
19 the whole or any part of the amount claimed as an overpayment.

20 (4) If judgment is rendered for the plaintiff, the amount of the
21 judgment must first be credited on any aircraft fuel tax due and
22 payable from the plaintiff. The balance of the judgment must be
23 refunded to the plaintiff.

24 (5) In any judgment, interest must be allowed at the rate of twelve
25 percent per annum upon the amount found to have been illegally
26 collected from the date of payment of the amount to the date of
27 allowance of credit on account of the judgment or to a date preceding
28 the date of the refund warrant, but not more than thirty days, the date
29 to be determined by the department.

30 NEW SECTION. **Sec. 416.** CLAIM OF REFUND OR CREDIT. (1) Claims for
31 refund or credit for aircraft fuel taxes paid under this chapter must
32 be filed with the department on forms prescribed by the department and
33 must contain and be supported by such information and documentation as
34 the department may require. Claims for refund of aircraft fuel taxes
35 must be for at least twenty dollars.

36 (2) Any amount determined to be refundable by the department must

1 first be credited on any amounts then due and payable from a person to
2 whom the refund is due.

3 (3) No refund or credit may be approved by the department unless a
4 written claim for refund or credit stating the specific grounds upon
5 which the claim is founded is filed with the department:

6 (a) Within thirteen months from the date of purchase or from the
7 last day of the month following the close of the reporting period for
8 which the refundable amount or credit is due with respect to refunds or
9 credits allowed and if not filed within this period the right to refund
10 is barred; or

11 (b) Within five years from the last day of the month following the
12 close of the reporting period for which the overpayment is due with
13 respect to the refunds or credits allowed for aircraft fuel tax
14 licensees.

15 (4) The department must refund any amount paid that has been
16 verified by the department to be more than twenty dollars over the
17 amount actually due for the reporting period.

18 (5) Payment credits may not be carried forward and applied to
19 subsequent tax returns for a person licensed under this chapter.

20 (6) Within thirty days after disallowing any refund claim in whole
21 or in part, the department must provide written notice of its action to
22 the claimant.

23 (7)(a) Interest must be paid upon any refundable amount or credit
24 due at the rate of one percent per month from the last day of the
25 calendar month following the reporting period for which the refundable
26 amount or credit is due.

27 (b) The interest must be paid:

28 (i) In the case of a refund, to the last day of the calendar month
29 following the date upon which the claim is approved by the department;
30 and

31 (ii) In the case of a credit, to the same date as that to which
32 interest is computed on the tax or amount against which the credit is
33 applied.

34 (c) If the department determines that any overpayment has been made
35 intentionally or by reason of carelessness, interest is not allowed.

36 (8) The department must pay interest of one percent on any refund
37 payable that is issued more than thirty state business days after the

1 receipt of a claim properly filed and completed. After the end of the
2 thirty business day period, additional interest accrues at the rate of
3 one percent on the amount payable for each thirty calendar day period.

4 NEW SECTION. **Sec. 417.** REFUNDS. Any person who has purchased
5 aircraft fuel on which tax has been paid may file a claim with the
6 department for a refund of the tax for:

7 (1) Aircraft fuel used in aircraft that both operate from a
8 private, nonstate-funded airfield during at least ninety-five percent
9 of the aircraft's normal use and are used principally for the
10 application of pesticides, herbicides, or other agricultural chemicals;

11 (2) Aircraft fuel used in the operation of aircraft for testing or
12 experimental purposes; and

13 (3) Aircraft fuel used in the operation of aircraft when the
14 operation is for the training of crews in Washington state for
15 purchasers of aircraft who are certified air carriers.

16 NEW SECTION. **Sec. 418.** REMEDIES CUMULATIVE. The remedies of the
17 state in this chapter are cumulative and no action taken by the
18 department may be construed to be an election to pursue any remedy to
19 the exclusion of another.

20 NEW SECTION. **Sec. 419.** TAX LIEN. (1) If a person liable for
21 payment of tax fails to pay the amount including any interest, penalty,
22 or addition, together with costs accrued, there must be a lien in favor
23 of the state upon all franchises, property, and rights to property,
24 whether real or personal, belonging to or acquired, whether the
25 property is employed by such person for personal or business use or is
26 in the control of a trustee, receiver, or assignee. The lien is
27 effective from the date taxes were due and payable until the amount is
28 satisfied. The lien has priority over any lien or encumbrance except
29 liens of other taxes having priority by law.

30 (2) The department must file with any county auditor a statement of
31 claim and lien specifying the amount of delinquent taxes, penalties,
32 and interest owed.

33 NEW SECTION. **Sec. 420.** VIOLATIONS--PENALTIES. (1) It is unlawful
34 for a person to:

1 (a) Evade a tax or fee imposed under this chapter;

2 (b) Knowingly assist another person to evade a tax or fee imposed
3 by this chapter;

4 (c) File a false statement of a material fact or otherwise commit
5 any fraud or make a false representation on an aircraft fuel tax
6 license application, aircraft fuel tax refund application, aircraft
7 fuel tax return, aircraft fuel tax record, or aircraft fuel tax refund
8 claim;

9 (d) Act as an aircraft fuel distributor unless the person holds a
10 license issued by the department authorizing the person to engage in
11 that business;

12 (e) Knowingly operate a conveyance for the purpose of hauling,
13 transporting, or delivering aircraft fuel in bulk and not possess an
14 invoice, bill of sale, or other statement showing the name, address,
15 and tax license number of the seller or consignor, the destination, the
16 name, address, and tax license number of the purchaser or consignee,
17 and the number of gallons;

18 (f) Refuse to permit the department or its authorized
19 representative to examine the person's books, papers, records, storage
20 facilities, and equipment used in conjunction with the use,
21 distribution, or sale of aircraft fuel;

22 (g) To display, or cause to permit to be displayed, or to have in
23 possession, an aircraft fuel license knowing the same to be fictitious
24 or to have been suspended, canceled, revoked, or altered;

25 (h) To lend to, or knowingly permit the use of, by one not entitled
26 thereto, any aircraft fuel license issued to the person lending it or
27 permitting it to be used;

28 (i) To display or to represent as one's own any aircraft fuel
29 license not issued to the person displaying the same; and

30 (j) To use or to conspire with any governmental official, agent, or
31 employee for the use of any requisition, purchase order, or any card or
32 any authority to which he or she is not specifically entitled by
33 government regulations, for the purpose of obtaining any aircraft fuel
34 upon which the state tax has not been paid.

35 (2)(a) A single violation of subsection (1)(a) and (b) of this
36 section is a gross misdemeanor under chapter 9A.20 RCW.

37 (b) Multiple violations of subsection (1)(a) and (b) of this
38 section are a class C felony under chapter 9A.20 RCW.

1 (3) Violations of (1)(c) through (j) of this section are a gross
2 misdemeanor under chapter 9A.20 RCW.

3 (4) In addition to other penalties and remedies provided by law,
4 the court must order a person or corporation found guilty of violating
5 subsection (1)(a) through (b) of this section to:

6 (a) Pay the tax or fee evaded plus interest, commencing at the date
7 the tax or fee was first due, at the rate of twelve percent per year,
8 compounded monthly; and

9 (b) Pay a penalty of one hundred percent of the tax evaded.

10 (5) The tax imposed by this chapter is held in trust by the
11 licensee until paid to the department, and a licensee who appropriates
12 the tax to his or her own use or to any use other than the payment of
13 the tax is guilty of a felony or gross misdemeanor in accordance with
14 the theft and anticipatory provisions of Title 9A RCW. A person,
15 partnership, corporation, or corporate officer who fails to pay to the
16 department the tax is personally liable to the state for the amount of
17 the tax.

18 **PART V**

19 **REPEALED PROVISIONS**

20 NEW SECTION. **Sec. 501.** The following acts or parts of acts are
21 each repealed:

22 (1) RCW 82.36.010 (Definitions) and 2007 c 515 s 1, 2001 c 270 s 1,
23 & 1998 c 176 s 6;

24 (2) RCW 82.36.020 (Tax levied and imposed--Rate to be computed--
25 Incidence--Distribution) and 2007 c 515 s 2, 2001 c 270 s 2, 2000 c 103
26 s 13, 1998 c 176 s 7, 1983 1st ex.s. c 49 s 26, 1982 1st ex.s. c 6 s 1,
27 1977 ex.s. c 317 s 2, & 1974 ex.s. c 28 s 1;

28 (3) RCW 82.36.022 (Tax imposed--Intent) and 2007 c 515 s 20;

29 (4) RCW 82.36.025 (Motor vehicle fuel tax rate--Expiration of
30 subsection) and 2007 c 515 s 3, 2005 c 314 s 101, & 2003 c 361 s 401;

31 (5) RCW 82.36.026 (Tax liability--General) and 2007 c 515 s 4, 2001
32 c 270 s 3, & 1998 c 176 s 8;

33 (6) RCW 82.36.027 (Tax liability of terminal operator) and 2007 c
34 515 s 6 & 1998 c 176 s 9;

35 (7) RCW 82.36.028 (Tax liability--Reciprocity agreements) and 2007
36 c 515 s 5;

1 (8) RCW 82.36.029 (Deductions--Handling losses--Reports) and 1998
2 c 176 s 10;

3 (9) RCW 82.36.031 (Periodic tax reports--Forms--Filing--Time
4 extensions during state of emergency) and 2008 c 181 s 505, 2007 c 515
5 s 8, & 1998 c 176 s 11;

6 (10) RCW 82.36.032 (Penalty for filing fraudulent tax report) and
7 1998 c 176 s 13 & 1987 c 174 s 7;

8 (11) RCW 82.36.035 (Computation and payment of tax--Remittance--
9 Electronic funds transfer) and 2005 c 260 s 1 & 1998 c 176 s 12;

10 (12) RCW 82.36.040 (Payment of tax--Penalty for delinquency) and
11 1991 c 339 s 2, 1989 c 378 s 24, 1987 c 174 s 4, 1977 c 28 s 1, & 1961
12 c 15 s 82.36.040;

13 (13) RCW 82.36.044 (Credit for worthless accounts receivable--
14 Report--Adjustment) and 1998 c 176 s 15;

15 (14) RCW 82.36.045 (Licensees, persons acting as licensees--Tax
16 reports--Deficiencies, failure to file, fraudulent filings,
17 misappropriation, or conversion--Penalties, liability--Mitigation--
18 Reassessment petition, hearing--Notice) and 2007 c 515 s 9, 1998 c 176
19 s 16, 1996 c 104 s 2, & 1991 c 339 s 1;

20 (15) RCW 82.36.047 (Assessments--Warrant--Lien--Filing fee--Writs
21 of execution and garnishment) and 2001 c 146 s 13, 1998 c 176 s 17, &
22 1991 c 339 s 4;

23 (16) RCW 82.36.050 (Date of mailing deemed date of filing or
24 receipt--Timely mailing bars penalties and tolls statutory time
25 limitations) and 1961 c 15 s 82.36.050;

26 (17) RCW 82.36.060 (Application for license--Federal certificate of
27 registry--Investigation--Fee--Penalty for false statement--Bond or
28 security--Cancellation) and 2007 c 515 s 10, 2001 c 270 s 5, 1998 c 176
29 s 18, 1996 c 104 s 3, 1994 c 262 s 19, 1973 c 96 s 1, & 1961 c 15 s
30 82.36.060;

31 (18) RCW 82.36.070 (Issuance of license--Display--Refusal of
32 issuance--Inspection of records) and 1998 c 176 s 19, 1998 c 115 s 2,
33 1996 c 104 s 4, 1994 c 262 s 20, 1973 c 96 s 2, 1965 ex.s. c 79 s 3, &
34 1961 c 15 s 82.36.070;

35 (19) RCW 82.36.075 (Reports by persons other than licensees--
36 Department requirements--Forms) and 1998 c 176 s 29;

37 (20) RCW 82.36.080 (Penalty for acting without license--Separate

1 licenses for separate activities--Default assessment) and 2007 c 515 s
2 11, 1998 c 176 s 20, & 1961 c 15 s 82.36.080;

3 (21) RCW 82.36.090 (Discontinuance, sale, or transfer of business--
4 Notice--Payment of taxes, interest, penalties--Overpayment refunds) and
5 1998 c 176 s 21, 1967 c 153 s 2, 1965 ex.s. c 79 s 4, & 1961 c 15 s
6 82.36.090;

7 (22) RCW 82.36.095 (Bankruptcy proceedings--Notice) and 1997 c 183
8 s 7;

9 (23) RCW 82.36.100 (Tax required of persons not classed as
10 licensees--Duties--Procedure--Distribution of proceeds--Penalties--
11 Enforcement) and 1998 c 176 s 22, 1983 1st ex.s. c 49 s 28, 1977 ex.s.
12 c 317 s 3, 1967 ex.s. c 83 s 3, 1961 ex.s. c 7 s 2, & 1961 c 15 s
13 82.36.100;

14 (24) RCW 82.36.110 (Delinquency--Lien of tax--Notice) and 1993 c 54
15 s 3 & 1961 c 15 s 82.36.110;

16 (25) RCW 82.36.120 (Delinquency--Notice to debtors--Transfer or
17 disposition of property, credits, or debts prohibited--Lien--Answer)
18 and 1998 c 176 s 23, 1994 c 262 s 21, 1991 c 339 s 3, & 1961 c 15 s
19 82.36.120;

20 (26) RCW 82.36.130 (Delinquency--Tax warrant) and 2000 c 103 s 14;

21 (27) RCW 82.36.140 (State may pursue remedy against licensee or
22 bond) and 1998 c 176 s 25 & 1961 c 15 s 82.36.140;

23 (28) RCW 82.36.150 (Records to be kept by licensees--Inventory--
24 Statement) and 1998 c 176 s 26, 1965 ex.s. c 79 s 5, & 1961 c 15 s
25 82.36.150;

26 (29) RCW 82.36.160 (Records to be preserved by licensees) and 2007
27 c 515 s 12, 1998 c 176 s 27, 1996 c 104 s 5, & 1961 c 15 s 82.36.160;

28 (30) RCW 82.36.170 (Additional reports--Filing) and 1998 c 176 s 28
29 & 1961 c 15 s 82.36.170;

30 (31) RCW 82.36.180 (Examinations and investigations) and 2007 c 515
31 s 13, 1998 c 176 s 30, 1967 ex.s. c 89 s 6, 1965 ex.s. c 79 s 6, & 1961
32 c 15 s 82.36.180;

33 (32) RCW 82.36.190 (Suspension, revocation, cancellation of
34 licenses--Notice) and 1998 c 176 s 31, 1990 c 250 s 80, & 1961 c 15 s
35 82.36.190;

36 (33) RCW 82.36.200 (Carriers of motor vehicle fuel--Examination of
37 records, stocks, etc.) and 1998 c 176 s 32, 1965 ex.s. c 79 s 7, & 1961
38 c 15 s 82.36.200;

1 (34) RCW 82.36.210 (Carriers of motor vehicle fuel--Invoice, bill
2 of sale, etc., required--Inspections) and 1998 c 176 s 33, 1965 ex.s.
3 c 79 s 8, 1961 ex.s. c 21 s 30, & 1961 c 15 s 82.36.210;

4 (35) RCW 82.36.230 (Exemptions--Imports, exports, federal sales--
5 Invoice--Certificate--Reporting) and 1998 c 176 s 34, 1993 c 54 s 4,
6 1989 c 193 s 1, 1971 ex.s. c 156 s 2, 1967 c 153 s 3, 1965 ex.s. c 79
7 s 9, & 1961 c 15 s 82.36.230;

8 (36) RCW 82.36.240 (Sales to state or political subdivisions not
9 exempt) and 1961 c 15 s 82.36.240;

10 (37) RCW 82.36.245 (Exemption--Sales to foreign diplomatic and
11 consular missions) and 1989 c 193 s 2;

12 (38) RCW 82.36.247 (Exemption--Racing fuel) and 2007 c 515 s 14;

13 (39) RCW 82.36.250 (Nongovernmental use of fuels, etc., acquired
14 from United States government--Tax--Unlawful to procure or use) and
15 1961 c 15 s 82.36.250;

16 (40) RCW 82.36.260 (Extension of time for filing exportation
17 certificates or claiming exemptions) and 1965 ex.s. c 79 s 11 & 1961 c
18 15 s 82.36.260;

19 (41) RCW 82.36.270 (Refund permit) and 1977 c 28 s 2, 1973 c 96 s
20 3, 1967 c 153 s 4, & 1961 c 15 s 82.36.270;

21 (42) RCW 82.36.275 (Refunds for urban transportation systems) and
22 1969 ex.s. c 281 s 27, 1967 c 86 s 1, 1965 c 135 s 1, 1963 c 187 s 1,
23 1961 c 117 s 1, & 1961 c 15 s 82.36.275;

24 (43) RCW 82.36.280 (Refunds for nonhighway use of fuel) and 2010 c
25 161 s 906, 1998 c 176 s 36, 1993 c 141 s 1, 1985 c 371 s 5, 1980 c 131
26 s 5, 1972 ex.s. c 138 s 1, 1971 ex.s. c 36 s 1, 1969 ex.s. c 281 s 23,
27 & 1961 c 15 s 82.36.280;

28 (44) RCW 82.36.285 (Refunds for transit services to persons with
29 special transportation needs by nonprofit transportation providers) and
30 1996 c 244 s 5 & 1983 c 108 s 3;

31 (45) RCW 82.36.290 (Refunds for use in manufacturing, cleaning,
32 dyeing) and 1961 c 15 s 82.36.290;

33 (46) RCW 82.36.300 (Refunds on exported fuel) and 1998 c 176 s 37,
34 1963 ex.s. c 22 s 21, & 1961 c 15 s 82.36.300;

35 (47) RCW 82.36.310 (Claim of refund) and 1998 c 176 s 38, 1998 c
36 115 s 3, 1995 c 318 s 3, 1965 ex.s. c 79 s 13, & 1961 c 15 s 82.36.310;

37 (48) RCW 82.36.320 (Information may be required) and 2007 c 515 s
38 15 & 1961 c 15 s 82.36.320;

1 (49) RCW 82.36.330 (Payment of refunds--Interest--Penalty) and 2003
2 c 53 s 401, 1998 c 176 s 39, 1971 ex.s. c 180 s 9, 1965 ex.s. c 79 s
3 14, & 1961 c 15 s 82.36.330;

4 (50) RCW 82.36.335 (Credits on tax in lieu of collection and
5 refund) and 1998 c 176 s 40, 1997 c 183 s 8, & 1961 c 15 s 82.36.335;

6 (51) RCW 82.36.340 (Examination of books and records) and 2007 c
7 515 s 16 & 1961 c 15 s 82.36.340;

8 (52) RCW 82.36.350 (Fraudulent invoices--Penalty) and 1998 c 176 s
9 41 & 1961 c 15 s 82.36.350;

10 (53) RCW 82.36.370 (Refunds for fuel lost or destroyed through
11 fire, flood, leakage, etc.) and 2007 c 515 s 17, 1998 c 176 s 42, 1967
12 c 153 s 5, 1965 ex.s. c 79 s 15, & 1961 c 15 s 82.36.370;

13 (54) RCW 82.36.375 (Time limitation on erroneous payment credits or
14 refunds and notices of additional tax) and 1998 c 176 s 44 & 1965 ex.s.
15 c 79 s 16;

16 (55) RCW 82.36.380 (Violations--Penalties) and 2007 c 515 s 18,
17 2003 c 358 s 13, 2000 2nd sp.s. c 4 s 9, 1995 c 287 s 2, & 1961 c 15 s
18 82.36.380;

19 (56) RCW 82.36.390 (Diversion of export fuel--Penalty) and 1998 c
20 176 s 45, 1996 c 104 s 6, & 1961 c 15 s 82.36.390;

21 (57) RCW 82.36.400 (Other offenses--Penalties) and 2011 c 96 s 57,
22 2003 c 53 s 402, 1998 c 176 s 46, 1971 ex.s. c 156 s 3, 1967 c 153 s 6,
23 & 1961 c 15 s 82.36.400;

24 (58) RCW 82.36.410 (Revenue to motor vehicle fund) and 1973 c 95 s
25 5 & 1961 c 15 s 82.36.410;

26 (59) RCW 82.36.415 (Refund to aeronautics account) and 1987 c 220
27 s 4;

28 (60) RCW 82.36.420 (Disposition of fees, fines, penalties) and 1987
29 c 202 s 245, 1969 ex.s. c 199 s 40, & 1961 c 15 s 82.36.420;

30 (61) RCW 82.36.430 (Enforcement) and 1961 c 15 s 82.36.430;

31 (62) RCW 82.36.435 (Enforcement and administration--Rule-making
32 authority) and 1981 c 342 s 5;

33 (63) RCW 82.36.440 (State preempts tax field) and 2010 c 106 s 230,
34 2003 c 350 s 5, 1991 c 173 s 4, 1990 c 42 s 204, 1979 ex.s. c 181 s 5,
35 & 1961 c 15 s 82.36.440;

36 (64) RCW 82.36.450 (Agreement with tribe for fuel taxes) and 2007
37 c 515 s 19 & 1995 c 320 s 2;

1 (65) RCW 82.36.460 (Motor vehicle fuel tax cooperative agreement)
2 and 1998 c 176 s 49;
3 (66) RCW 82.36.470 (Fuel tax evasion--Seizure and forfeiture) and
4 2003 c 358 s 1;
5 (67) RCW 82.36.475 (Fuel tax evasion--Forfeiture procedure) and
6 2003 c 358 s 2;
7 (68) RCW 82.36.480 (Fuel tax evasion--Forfeited property) and 2003
8 c 358 s 3;
9 (69) RCW 82.36.485 (Fuel tax evasion--Return of seized property)
10 and 2003 c 358 s 4;
11 (70) RCW 82.36.490 (Fuel tax evasion--Search and seizure) and 2003
12 c 358 s 5;
13 (71) RCW 82.36.495 (Fuel tax evasion--Rules) and 2003 c 358 s 6;
14 (72) RCW 82.36.800 (Rules--1998 c 176) and 1998 c 176 s 87;
15 (73) RCW 82.36.900 (Findings--1998 c 176) and 1998 c 176 s 1;
16 (74) RCW 82.36.901 (Effective date--1998 c 176) and 1998 c 176 s
17 91;
18 (75) RCW 82.38.045 (Liability of terminal operator for remittance)
19 and 2005 c 314 s 108 & 1998 c 176 s 54;
20 (76) RCW 82.38.047 (Liability of terminal operator for taxes when
21 documentation incorrectly indicates internal revenue service
22 compliance) and 2003 c 361 s 406 & 1998 c 176 s 55;
23 (77) RCW 82.38.130 (Revocation, suspension, cancellation, and
24 surrender of license--Notice--Bond release, discharge--New or
25 additional bond or surety) and 2007 c 515 s 26, 1998 c 176 s 65, 1994
26 c 262 s 24, 1979 c 40 s 9, 1977 c 26 s 2, & 1971 ex.s. c 175 s 14;
27 (78) RCW 82.38.240 (Delinquency--Collection by civil action--
28 Certificate) and 1998 c 176 s 79 & 1971 ex.s. c 175 s 25;
29 (79) RCW 82.38.250 (Remedies cumulative) and 1971 ex.s. c 175 s 26;
30 (80) RCW 82.38.265 (Administration, collection, and enforcement of
31 taxes pursuant to chapter 82.41 RCW) and 1982 c 161 s 14;
32 (81) RCW 82.38.350 (Fuel tax cooperative agreement) and 1998 c 176
33 s 88;
34 (82) RCW 82.41.060 (Credits--Refunds) and 1982 c 161 s 6;
35 (83) RCW 82.42.050 (Failure of distributor to file report or
36 statement--Determination by director of amount sold, delivered or
37 used--Basis for tax assessment--Penalty--Records public) and 1969 ex.s.
38 c 254 s 4 & 1967 ex.s. c 10 s 5;

1 (84) RCW 82.42.060 (Payment of tax--Penalty for delinquency--
2 Enforcement of collection--Provisions of RCW 82.36.040, 82.36.070,
3 82.36.110 through 82.36.140 made applicable) and 1997 c 183 s 12, 1996
4 c 104 s 15, 1969 ex.s. c 254 s 5, 1969 c 139 s 4, & 1967 ex.s. c 10 s
5 6;

6 (85) RCW 82.42.070 (Imports, exports, sales to United States
7 government exempted--Procedure--Sales to state or political
8 subdivisions not exempt--Refund procedures) and 1982 1st ex.s. c 25 s
9 6, 1971 ex.s. c 156 s 4, & 1967 ex.s. c 10 s 7;

10 (86) RCW 82.42.080 (Violations--Penalty) and 1996 c 104 s 16, 1982
11 1st ex.s. c 25 s 7, & 1967 ex.s. c 10 s 8; and

12 (87) RCW 82.42.120 (Mitigation of assessments) and 1991 c 339 s 8.

13 **PART VI**

14 **CROSS REFERENCE AND TECHNICAL CORRECTIONS**

15 **Sec. 601.** RCW 19.112.110 and 2009 c 132 s 2 are each amended to
16 read as follows:

17 (1) Special fuel licensees under chapter 82.38 RCW, (~~other than~~
18 ~~international fuel tax agreement licensees, dyed special fuel users,~~
19 ~~and special fuel distributors, shall~~) as determined by the department
20 of licensing, must provide evidence to the department of licensing that
21 at least two percent of the total annual diesel fuel sold in Washington
22 is biodiesel or renewable diesel fuel, following the earlier of: (a)
23 November 30, 2008; or (b) when a determination is made by the director,
24 published in the Washington State Register, that feedstock grown in
25 Washington state can satisfy a two-percent requirement.

26 (2) Special fuel licensees under chapter 82.38 RCW, (~~other than~~
27 ~~international fuel tax agreement licensees, dyed special fuel users,~~
28 ~~and special fuel distributors, shall~~) as determined by the department
29 of licensing, must provide evidence to the department of licensing that
30 at least five percent of total annual diesel fuel sold in Washington is
31 biodiesel or renewable diesel fuel, when the director determines, and
32 publishes this determination in the Washington State Register, that
33 both in-state oil seed crushing capacity and feedstock grown in
34 Washington state can satisfy a three-percent requirement.

35 (3) The requirements of subsections (1) and (2) of this section

1 ((shall)) may take effect no sooner than one hundred eighty days after
2 the determination has been published in the Washington State Register.

3 (4) The director and the director of licensing ((shall)) must each
4 adopt rules, in coordination with each other, for enforcing and
5 carrying out the purposes of this section.

6 **Sec. 602.** RCW 19.112.120 and 2007 c 309 s 2 are each amended to
7 read as follows:

8 (1) By December 1, 2008, motor vehicle fuel licensees under chapter
9 ((82.36)) 82.38 RCW, ((other than motor vehicle fuel distributors)) as
10 determined by the department of licensing, ((shall)) must provide
11 evidence to the department of licensing that at least two percent of
12 total gasoline sold in Washington, measured on a quarterly basis, is
13 denatured ethanol.

14 (2) If the director of ecology determines that ethanol content
15 greater than two percent of the total gasoline sold in Washington will
16 not jeopardize continued attainment of the federal clean air act's
17 national ambient air quality standard for ozone pollution in Washington
18 and the director of agriculture determines and publishes this
19 determination in the Washington State Register that sufficient raw
20 materials are available within Washington to support economical
21 production of ethanol at higher levels, the director of agriculture may
22 require by rule that licensees provide evidence to the department of
23 licensing that denatured ethanol comprises between two percent and at
24 least ten percent of total gasoline sold in Washington, measured on a
25 quarterly basis.

26 (3) The requirements of subsections (1) and (2) of this section may
27 take effect no sooner than one hundred eighty days after the
28 determination has been published in the Washington State Register.

29 (4) The director and the director of licensing must each adopt
30 rules, in coordination with each other, for enforcing and carrying out
31 the purposes of this section.

32 (5) Nothing in this section is intended to prohibit the production,
33 sale, or use of motor fuel for use in federally designated flexibly
34 fueled vehicles capable of using E85 motor fuel. Nothing in this
35 section is intended to limit the use of high octane gasoline not
36 blended with ethanol for use in aircraft.

1 **Sec. 603.** RCW 35A.81.010 and 1983 c 3 s 73 are each amended to
2 read as follows:

3 Motor vehicles owned and operated by any code city (~~shall be~~) are
4 exempt from the provisions of chapter 81.80 RCW, except where
5 specifically otherwise provided. Urban passenger transportation
6 systems (~~shall~~) must receive a refund of the amount of the motor
7 vehicle fuel tax paid on each gallon of motor vehicle fuel used in such
8 systems to the extent authorized by chapter (~~82.36~~) 82.38 RCW.
9 Notwithstanding any provision of the law to the contrary, every urban
10 passenger transportation system as defined in RCW 82.38.080 (~~shall~~
11 ~~be~~) are exempt from the provisions of chapter 82.38 RCW which requires
12 the payment of use fuel taxes.

13 **Sec. 604.** RCW 36.70A.340 and 2011 c 120 s 2 are each amended to
14 read as follows:

15 Upon receipt from the board of a finding that a state agency,
16 county, or city is in noncompliance under RCW 36.70A.330, or as a
17 result of failure to meet the requirements of RCW 36.70A.210, the
18 governor may either:

19 (1) Notify and direct the director of the office of financial
20 management to revise allotments in appropriation levels;

21 (2) Notify and direct the state treasurer to withhold the portion
22 of revenues to which the county or city is entitled under one or more
23 of the following: The motor vehicle fuel tax, as provided in chapter
24 (~~82.36~~) 82.38 RCW; the transportation improvement account, as
25 provided in RCW 47.26.084; the rural arterial trust account, as
26 provided in RCW 36.79.150; the sales and use tax, as provided in
27 chapter 82.14 RCW; the liquor profit tax, as provided in RCW 66.08.190;
28 and the liquor excise tax, as provided in RCW 82.08.170; or

29 (3) File a notice of noncompliance with the secretary of state and
30 the county or city, which (~~shall~~) temporarily rescinds the county or
31 city's authority to collect the real estate excise tax under RCW
32 82.46.030 until the governor files a notice rescinding the notice of
33 noncompliance.

34 **Sec. 605.** RCW 43.06.400 and 2011 1st sp.s. c 20 s 201 are each
35 amended to read as follows:

36 (1) Beginning in January 1984, and in January of every fourth year

1 thereafter, the department of revenue must submit to the legislature
2 prior to the regular session a listing of the amount of reduction for
3 the current and next biennium in the revenues of the state or the
4 revenues of local government collected by the state as a result of tax
5 exemptions. The listing must include an estimate of the revenue lost
6 from the tax exemption, the purpose of the tax exemption, the persons,
7 organizations, or parts of the population which benefit from the tax
8 exemption, and whether or not the tax exemption conflicts with another
9 state program. The listing must include but not be limited to the
10 following revenue sources:

- 11 (a) Real and personal property tax exemptions under Title 84 RCW;
- 12 (b) Business and occupation tax exemptions, deductions, and credits
13 under chapter 82.04 RCW;
- 14 (c) Retail sales and use tax exemptions under chapters 82.08,
15 82.12, and 82.14 RCW;
- 16 (d) Public utility tax exemptions and deductions under chapter
17 82.16 RCW;
- 18 (e) Food fish and shellfish tax exemptions under chapter 82.27 RCW;
- 19 (f) Leasehold excise tax exemptions under chapter 82.29A RCW;
- 20 (g) Motor vehicle and special fuel tax exemptions and refunds under
21 chapter(~~s 82.36 and~~) 82.38 RCW;
- 22 (h) Aircraft fuel tax exemptions under chapter 82.42 RCW;
- 23 (i) Motor vehicle excise tax exclusions under chapter 82.44 RCW;
- 24 and
- 25 (j) Insurance premiums tax exemptions under chapter 48.14 RCW.

26 (2) The department of revenue must prepare the listing required by
27 this section with the assistance of any other agencies or departments
28 as may be required.

29 (3) The department of revenue must present the listing to the ways
30 and means committees of each house in public hearings.

31 (4) Beginning in January 1984, and every four years thereafter the
32 governor is requested to review the report from the department of
33 revenue and may submit recommendations to the legislature with respect
34 to the repeal or modification of any tax exemption. The ways and means
35 committees of each house and the appropriate standing committee of each
36 house must hold public hearings and take appropriate action on the
37 recommendations submitted by the governor.

1 (5) As used in this section, "tax exemption" means an exemption,
2 exclusion, or deduction from the base of a tax; a credit against a tax;
3 a deferral of a tax; or a preferential tax rate.

4 (6) For purposes of the listing due in January 2012, the department
5 of revenue does not have to prepare or update the listing with respect
6 to any tax exemption that would not be likely to increase state revenue
7 if the exemption was repealed or otherwise eliminated.

8 **Sec. 606.** RCW 46.01.040 and 2011 c 171 s 10 are each amended to
9 read as follows:

10 The department is vested with all powers, functions, and duties
11 with respect to and including the following:

12 (1) ~~The ((motor vehicle fuel excise tax as provided in chapter~~
13 ~~82.36)) fuel tax and aircraft fuel tax as provided in chapters 82.38~~
14 ~~and 82.42~~ RCW;

15 (2) ~~((The special fuel tax as provided in chapter 82.38 RCW;~~
16 ~~+3)) The motor vehicle excise tax as provided in chapter 82.44~~
17 RCW;

18 ~~((+4)) (3) The travel trailers and campers excise tax as provided~~
19 in chapter 82.50 RCW;

20 ~~((+5)) (4) All general powers and duties relating to motor~~
21 vehicles as provided in chapter 46.08 RCW;

22 ~~((+6)) (5) Certificates of title and registration certificates as~~
23 provided in chapters 46.12 and 46.16A RCW;

24 ~~((+7)) (6) The registration of motor vehicles as provided in~~
25 chapter 46.16A RCW;

26 ~~((+8)) (7) Dealers' licenses as provided in chapter 46.70 RCW;~~

27 ~~((+9)) (8) The licensing of motor vehicle transporters as provided~~
28 in chapter 46.76 RCW;

29 ~~((+10)) (9) The licensing of vehicle wreckers as provided in~~
30 chapter 46.80 RCW;

31 ~~((+11)) (10) The administration of the laws relating to reciprocal~~
32 or proportional registration of motor vehicles as provided in chapter
33 46.85 RCW;

34 ~~((+12)) (11) The licensing of passenger vehicles for hire as~~
35 provided in chapter 46.72 RCW;

36 ~~((+13)) (12) Drivers' licenses as provided in chapter 46.20 RCW;~~

1 (~~(14)~~) (13) Commercial driver training schools as provided in
2 chapter 46.82 RCW;
3 (~~(15)~~) (14) Financial responsibility as provided in chapter 46.29
4 RCW;
5 (~~(16)~~) (15) Accident reporting as provided in chapter 46.52 RCW;
6 (~~(17)~~) (16) Disposition of revenues as provided in chapter 46.68
7 RCW; and
8 (~~(18)~~) (17) The administration of all other laws relating to
9 motor vehicles vested in the director of licenses on June 30, 1965.

10 **Sec. 607.** RCW 46.09.310 and 2010 c 161 s 213 are each amended to
11 read as follows:

12 The definitions in this section apply throughout this chapter
13 unless the context clearly requires otherwise.

14 (1) "Advisory committee" means the nonhighway and off-road vehicle
15 activities advisory committee established in RCW 46.09.340.

16 (2) "Board" means the recreation and conservation funding board
17 established in RCW 79A.25.110.

18 (3) "Dealer" means a person, partnership, association, or
19 corporation engaged in the business of selling off-road vehicles at
20 wholesale or retail in this state.

21 (4) "Highway," for the purpose of this chapter only, means the
22 entire width between the boundary lines of every roadway publicly
23 maintained by the state department of transportation or any county or
24 city with funding from the motor vehicle fund. A highway is generally
25 capable of travel by a conventional two-wheel drive passenger
26 automobile during most of the year and in use by such vehicles.

27 (5) "Nonhighway road" means any road owned or managed by a public
28 agency or any private road for which the owner has granted an easement
29 for public use for which appropriations from the motor vehicle fund
30 were not used for (a) original construction or reconstruction in the
31 last twenty-five years; or (b) maintenance in the last four years.

32 (6) "Nonhighway road recreation facilities" means recreational
33 facilities that are adjacent to, or accessed by, a nonhighway road and
34 intended primarily for nonhighway road recreational users.

35 (7) "Nonhighway road recreational user" means a person whose
36 purpose for consuming fuel on a nonhighway road or off-road is
37 primarily for nonhighway road recreational purposes, including, but not

1 limited to, hunting, fishing, camping, sightseeing, wildlife viewing,
2 picnicking, driving for pleasure, kayaking/canoeing, and gathering
3 berries, firewood, mushrooms, and other natural products.

4 (8) "Nonhighway vehicle" means any motorized vehicle including an
5 ORV when used for recreational purposes on nonhighway roads, trails, or
6 a variety of other natural terrain.

7 Nonhighway vehicle does not include:

8 (a) Any vehicle designed primarily for travel on, over, or in the
9 water;

10 (b) Snowmobiles or any military vehicles; or

11 (c) Any vehicle eligible for a motor vehicle fuel tax exemption or
12 rebate under chapter ((82.36)) 82.38 RCW while an exemption or rebate
13 is claimed. This exemption includes but is not limited to farm,
14 construction, and logging vehicles.

15 (9) "Nonmotorized recreational facilities" means recreational
16 trails and facilities that are adjacent to, or accessed by, a
17 nonhighway road and intended primarily for nonmotorized recreational
18 users.

19 (10) "Nonmotorized recreational user" means a person whose purpose
20 for consuming fuel on a nonhighway road or off-road is primarily for
21 nonmotorized recreational purposes including, but not limited to,
22 walking, hiking, backpacking, climbing, cross-country skiing,
23 snowshoeing, mountain biking, horseback riding, and pack animal
24 activities.

25 (11) "Organized competitive event" means any competition,
26 advertised in advance through written notice to organized clubs or
27 published in local newspapers, sponsored by recognized clubs, and
28 conducted at a predetermined time and place.

29 (12) "ORV recreation facilities" include, but are not limited to,
30 ORV trails, trailheads, campgrounds, ORV sports parks, and ORV use
31 areas, designated for ORV use by the managing authority that are
32 intended primarily for ORV recreational users.

33 (13) "ORV recreational user" means a person whose purpose for
34 consuming fuel on nonhighway roads or off-road is primarily for ORV
35 recreational purposes, including but not limited to riding an all-
36 terrain vehicle, motorcycling, or driving a four-wheel drive vehicle or
37 dune buggy.

1 (14) "ORV sports park" means a facility designed to accommodate
2 competitive ORV recreational uses including, but not limited to,
3 motocross racing, four-wheel drive competitions, and flat track racing.
4 Use of ORV sports parks can be competitive or noncompetitive in nature.

5 (15) "ORV trail" means a multiple-use corridor designated by the
6 managing authority and maintained for recreational use by motorized
7 vehicles.

8 **Sec. 608.** RCW 46.09.520 and 2010 1st sp.s. c 37 s 936 and 2010 c
9 161 s 222 are each reenacted and amended to read as follows:

10 (1) From time to time, but at least once each year, the state
11 treasurer (~~shall~~) must refund from the motor vehicle fund one percent
12 of the motor vehicle fuel tax revenues collected under chapter
13 (~~82.36~~) 82.38 RCW, based on a tax rate of: (a) Nineteen cents per
14 gallon of motor vehicle fuel from July 1, 2003, through June 30, 2005;
15 (b) twenty cents per gallon of motor vehicle fuel from July 1, 2005,
16 through June 30, 2007; (c) twenty-one cents per gallon of motor vehicle
17 fuel from July 1, 2007, through June 30, 2009; (d) twenty-two cents per
18 gallon of motor vehicle fuel from July 1, 2009, through June 30, 2011;
19 and (e) twenty-three cents per gallon of motor vehicle fuel beginning
20 July 1, 2011, and thereafter, less proper deductions for refunds and
21 costs of collection as provided in RCW 46.68.090.

22 (2) The treasurer (~~shall~~) must place these funds in the general
23 fund as follows:

24 (a) Thirty-six percent (~~shall~~) must be credited to the ORV and
25 nonhighway vehicle account and administered by the department of
26 natural resources solely for acquisition, planning, development,
27 maintenance, and management of ORV, nonmotorized, and nonhighway road
28 recreation facilities, and information programs and maintenance of
29 nonhighway roads;

30 (b) Three and one-half percent (~~shall~~) must be credited to the
31 ORV and nonhighway vehicle account and administered by the department
32 of fish and wildlife solely for the acquisition, planning, development,
33 maintenance, and management of ORV, nonmotorized, and nonhighway road
34 recreation facilities and the maintenance of nonhighway roads;

35 (c) Two percent (~~shall~~) must be credited to the ORV and
36 nonhighway vehicle account and administered by the parks and recreation

1 commission solely for the acquisition, planning, development,
2 maintenance, and management of ORV, nonmotorized, and nonhighway road
3 recreation facilities; and

4 (d) Fifty-eight and one-half percent (~~shall~~) must be credited to
5 the nonhighway and off-road vehicle activities program account to be
6 administered by the board for planning, acquisition, development,
7 maintenance, and management of ORV, nonmotorized, and nonhighway road
8 recreation facilities and for education, information, and law
9 enforcement programs. The funds under this subsection (~~shall~~) must
10 be expended in accordance with the following limitations:

11 (i) Not more than thirty percent may be expended for education,
12 information, and law enforcement programs under this chapter;

13 (ii) Not less than seventy percent may be expended for ORV,
14 nonmotorized, and nonhighway road recreation facilities. Except as
15 provided in (d)(iii) of this subsection, of this amount:

16 (A) Not less than thirty percent, together with the funds the board
17 receives under RCW 46.68.045, may be expended for ORV recreation
18 facilities;

19 (B) Not less than thirty percent may be expended for nonmotorized
20 recreation facilities. Funds expended under this subsection
21 (2)(d)(ii)(B) (~~shall be~~) are known as ira spring outdoor recreation
22 facilities funds; and

23 (C) Not less than thirty percent may be expended for nonhighway
24 road recreation facilities;

25 (iii) The board may waive the minimum percentage cited in (d)(ii)
26 of this subsection due to insufficient requests for funds or projects
27 that score low in the board's project evaluation. Funds remaining
28 after such a waiver must be allocated in accordance with board policy.

29 (3) On a yearly basis an agency may not, except as provided in RCW
30 46.68.045, expend more than ten percent of the funds it receives under
31 this chapter for general administration expenses incurred in carrying
32 out this chapter.

33 (4) During the 2009-2011 fiscal biennium, the legislature may
34 appropriate such amounts as reflect the excess fund balance in the NOVA
35 account to the department of natural resources to install consistent
36 off-road vehicle signage at department-managed recreation sites, and to
37 implement the recreation opportunities on department-managed lands in
38 the Reiter block and Ahtanum state forest, and to the state parks and

1 recreation commission. The legislature finds that the appropriation of
2 funds from the NOVA account during the 2009-2011 fiscal biennium for
3 maintenance and operation of state parks or to improve accessibility
4 for boaters and off-road vehicle users at state parks will benefit
5 boaters and off-road vehicle users and others who use nonhighway and
6 nonmotorized recreational facilities. The appropriations under this
7 subsection are not required to follow the specific distribution
8 specified in subsection (2) of this section.

9 **Sec. 609.** RCW 46.87.080 and 2011 c 171 s 97 are each amended to
10 read as follows:

11 (1) Upon making satisfactory application and payment of applicable
12 fees and taxes for proportional registration under this chapter, the
13 department (~~shall~~) must issue a cab card and validation tab for each
14 vehicle, and to vehicles of Washington-based fleets, two distinctive
15 apportionable license plates for each motor vehicle. License plates
16 (~~shall~~) must be displayed on vehicles as required by RCW
17 46.16A.200(5). The number and plate (~~shall~~) must be of a design,
18 size, and color determined by the department. The plates (~~shall~~)
19 must be treated with reflectorized material and clearly marked with the
20 words "WASHINGTON" and "APPORTIONED," both words to appear in full and
21 without abbreviation.

22 (2) The cab card serves as the certificate of registration for a
23 proportionally registered vehicle. The face of the cab card (~~shall~~)
24 must contain the name and address of the registrant as contained in the
25 records of the department, the license plate number assigned to the
26 vehicle by the base jurisdiction, the vehicle identification number,
27 and such other description of the vehicle and data as the department
28 may require. The cab card (~~shall~~) must be signed by the registrant,
29 or a designated person if the registrant is a business firm, and
30 (~~shall~~) must at all times be carried in or on the vehicle to which it
31 was issued.

32 (3) The apportioned license plates are not transferrable from
33 vehicle to vehicle unless otherwise determined by rule and (~~shall~~)
34 may be used only on the vehicle to which they are assigned by the
35 department for as long as they are legible or until such time as the
36 department requires them to be removed and returned to the department.

1 (4) Distinctive validation tab(s) of a design, size, and color
2 determined by the department (~~shall~~) must be affixed to the
3 apportioned license plate(s) as prescribed by the department to
4 indicate the month, if necessary, and year for which the vehicle is
5 registered.

6 (5) Renewals (~~shall be~~) are effected by the issuance and display
7 of such tab(s) after making satisfactory application and payment of
8 applicable fees and taxes.

9 (6) Fleet vehicles so registered and identified (~~shall be~~) are
10 deemed to be fully licensed and registered in this state for any type
11 of movement or operation. However, in those instances in which a grant
12 of authority is required for interstate or intrastate movement or
13 operation, no such vehicle may be operated in interstate or intrastate
14 commerce in this state unless the owner has been granted interstate
15 operating authority in the case of interstate operations or intrastate
16 operating authority by the Washington utility and transportation
17 commission in the case of intrastate operations and unless the vehicle
18 is being operated in conformity with that authority.

19 (7) The department may issue temporary authorization permits (TAPs)
20 to qualifying operators for the operation of vehicles pending issuance
21 of license identification. A fee of one dollar plus a one dollar
22 filing fee (~~shall~~) must be collected for each permit issued. The
23 permit fee (~~shall~~) must be deposited in the motor vehicle fund, and
24 the filing fee (~~shall~~) must be deposited in the highway safety fund.
25 The department may adopt rules for use and issuance of the permits.

26 (8) The department may refuse to issue any license or permit
27 authorized by subsection (1) or (7) of this section to any person: (a)
28 Who formerly held any type of license or permit issued by the
29 department pursuant to chapter 46.16A, 46.85, 46.87, (~~82.367~~) or
30 82.38 RCW that has been revoked for cause, which cause has not been
31 removed; or (b) who is a subterfuge for the real party in interest
32 whose license or permit issued by the department pursuant to chapter
33 46.16A, 46.85, 46.87, (~~82.367~~) or 82.38 RCW and has been revoked for
34 cause, which cause has not been removed; or (c) who, as an individual
35 licensee, or officer, director, owner, or managing employee of a
36 nonindividual licensee, has had a license or permit issued by the
37 department pursuant to chapter 46.16A, 46.85, 46.87, (~~82.367~~) or

1 82.38 RCW which has been revoked for cause, which cause has not been
2 removed; or (d) who has an unsatisfied debt to the state assessed under
3 either chapter 46.16A, 46.85, 46.87, (~~(82.36,)~~) 82.38, or 82.44 RCW.

4 (9) The department may revoke the license or permit authorized by
5 subsection (1) or (7) of this section issued to any person for any of
6 the grounds constituting cause for denial of licenses or permits set
7 forth in subsection (8) of this section.

8 (10) Before such refusal or revocation under subsection (8) or (9)
9 of this section, the department (~~(shall)~~) must grant the applicant a
10 hearing and at least ten days written notice of the time and place of
11 the hearing.

12 **Sec. 610.** RCW 47.02.070 and 1965 ex.s. c 167 s 7 are each amended
13 to read as follows:

14 Bonds issued under the provisions of this chapter (~~(shall)~~) must
15 distinctly state that they are not a general obligation of the state
16 but are payable in the manner provided in this chapter from the
17 proceeds of state excise taxes on motor vehicle fuels imposed by
18 chapter (~~(82.36 and chapter 82.40)~~) 82.38 RCW. The proceeds of such
19 excise taxes are hereby pledged to the payment of any bonds and the
20 interest thereon issued under the provisions of this chapter and the
21 legislature hereby agrees to continue to impose the same excise taxes
22 on motor vehicle fuels in amounts sufficient to pay, when due, the
23 principal and interest on all bonds issued under the provisions of this
24 chapter.

25 **Sec. 611.** RCW 47.02.160 and 1995 c 274 s 5 are each amended to
26 read as follows:

27 Bonds issued under the authority of RCW 47.02.120 through 47.02.190
28 (~~(shall)~~) must distinctly state that they are a general obligation of
29 the state of Washington, (~~(shall)~~) must pledge the full faith and
30 credit of the state to the payment of the principal thereof and the
31 interest thereon, and (~~(shall)~~) must contain an unconditional promise
32 to pay such principal and interest as the same (~~(shall)~~) becomes due.
33 The principal and interest on the bonds (~~(shall)~~) must be first payable
34 in the manner provided in RCW 47.02.120 through 47.02.190 from the
35 proceeds of the state excise taxes on motor vehicle and special fuels
36 imposed by chapter(~~(s 82.36 and)~~) 82.38 RCW. Proceeds of such excise

1 taxes are hereby pledged to the payment of any bonds and the interest
2 thereon issued under the authority of RCW 47.02.120 through 47.02.190,
3 and the legislature agrees to continue to impose these excise taxes on
4 motor vehicle and special fuels in amounts sufficient to pay, when due,
5 the principal and interest on all bonds issued under the authority of
6 RCW 47.02.120 through 47.02.190.

7 **Sec. 612.** RCW 47.10.040 and 1961 c 13 s 47.10.040 are each amended
8 to read as follows:

9 Bonds issued under the provisions of RCW 47.10.010 through
10 47.10.140 (~~shall~~) must distinctly state that they are not a general
11 obligation of the state, but are payable in the manner provided in RCW
12 47.10.010 through 47.10.140 from the proceeds of all state excise taxes
13 on motor vehicle fuels imposed by chapter (~~82.36 RCW and RCW~~
14 ~~82.36.020, 82.36.230, 82.36.250, and 82.36.400, as derived from chapter~~
15 ~~58, Laws of 1933, as amended, and as last amended by chapter 220, Laws~~
16 ~~of 1949; and chapter 82.40 RCW and RCW 82.40.020, as derived from~~
17 ~~chapter 127, Laws of 1941, as amended, and as last amended by chapter~~
18 ~~220, Laws of 1949)) 82.38 RCW. The proceeds of such excise taxes are
19 hereby pledged to the payment of any bonds and the interest thereon
20 issued under the provisions of RCW 47.10.010 through 47.10.140, and the
21 legislature hereby agrees to continue to impose the same excise taxes
22 on motor vehicle fuels in amounts sufficient to pay the principal and
23 interest on all bonds issued under the provisions of RCW 47.10.010
24 through 47.10.140 when due.~~

25 **Sec. 613.** RCW 47.10.180 and 1961 c 13 s 47.10.180 are each amended
26 to read as follows:

27 Bonds issued under the provisions of RCW 47.10.150 through
28 47.10.270 (~~shall~~) must distinctly state that they are not a general
29 obligation of the state, but are payable in the manner provided in RCW
30 47.10.150 through 47.10.270 from the proceeds of all state excise taxes
31 on motor vehicle fuels imposed by chapter (~~82.36 RCW and RCW~~
32 ~~82.36.020, 82.36.230, 82.36.250, and 82.36.400, as derived from chapter~~
33 ~~58, Laws of 1933, as amended, and as last amended by chapter 220, Laws~~
34 ~~of 1949; and chapter 82.40 RCW and RCW 82.40.020, as derived from~~
35 ~~chapter 127, Laws of 1941, as amended, and as last amended by chapter~~
36 ~~220, Laws of 1949)) 82.38 RCW. The proceeds of such excise taxes are~~

1 hereby pledged to the payment of any bonds and the interest thereon
2 issued under the provisions of RCW 47.10.150 through 47.10.270 and the
3 legislature hereby agrees to continue to impose the same excise taxes
4 on motor vehicle fuels in amounts sufficient to pay the principal and
5 interest on all bonds issued under the provisions of RCW 47.10.150
6 through 47.10.270 when due.

7 **Sec. 614.** RCW 47.10.310 and 1961 c 13 s 47.10.310 are each amended
8 to read as follows:

9 Bonds issued under the provisions of RCW 47.10.280 through
10 47.10.400 (~~shall~~) must distinctly state that they are not a general
11 obligation of the state, but are payable in the manner provided in RCW
12 47.10.280 through 47.10.400 from the proceeds of all state excise taxes
13 on motor vehicle fuels imposed by chapter (~~82.36 RCW, and RCW~~
14 ~~82.36.020, 82.36.230, 82.36.250 and 82.36.400; and chapter 82.40 RCW~~
15 ~~and RCW 82.40.020~~) 82.38 RCW. The proceeds of such excise taxes are
16 pledged to the payment of any bonds and the interest thereon issued
17 under the provisions of RCW 47.10.280 through 47.10.400. The
18 legislature agrees to continue to impose the same excise taxes on motor
19 fuels in amounts sufficient to pay the principal and interest on all
20 bonds issued under the provisions of RCW 47.10.280 through 47.10.400
21 when due.

22 **Sec. 615.** RCW 47.10.440 and 1961 c 13 s 47.10.440 are each amended
23 to read as follows:

24 Bonds issued under the provisions of RCW 47.10.410 through
25 47.10.500 (~~shall~~) must distinctly state that they are not a general
26 obligation of the state, but are payable in the manner provided in RCW
27 47.10.410 through 47.10.500 from the proceeds of all state excise taxes
28 on motor vehicle fuels imposed by chapter (~~82.36 RCW and RCW~~
29 ~~82.36.020, 82.36.230, 82.36.250, and 82.36.400, as derived from chapter~~
30 ~~58, Laws of 1933, as amended, and as last amended by chapter 220, Laws~~
31 ~~of 1949, and chapter 82.40 RCW and RCW 82.40.020, as derived from~~
32 ~~chapter 127, Laws of 1941, as amended, and as last amended by chapter~~
33 ~~220, Laws of 1949~~) 82.38 RCW. The proceeds of such excise taxes are
34 hereby pledged to the payment of any bonds and the interest thereon
35 issued under the provisions of RCW 47.10.410 through 47.10.500 and the
36 legislature hereby agrees to continue to impose the same excise taxes

1 on motor vehicle fuels in amounts sufficient to pay the principal and
2 interest on all bonds issued under the provisions of RCW 47.10.410
3 through 47.10.500.

4 **Sec. 616.** RCW 47.10.714 and 1961 c 13 s 47.10.714 are each amended
5 to read as follows:

6 Bonds issued under the provisions of RCW 47.10.700 through
7 47.10.724 (~~shall~~) must distinctly state that they are not a general
8 obligation of the state, but are payable in the manner provided in RCW
9 47.10.700 through 47.10.724 from the proceeds of state excise taxes on
10 motor vehicle fuels imposed by chapter (~~82.36 RCW and RCW 82.36.020,~~
11 ~~82.36.230, 82.36.250 and 82.36.400, as derived from chapter 58, Laws of~~
12 ~~1933, as amended, and as last amended by chapter 220, Laws of 1949; and~~
13 ~~chapter 82.40 RCW and RCW 82.40.020, as derived from chapter 127, Laws~~
14 ~~of 1941, as amended, and as last amended by chapter 220, Laws of 1949))~~
15 82.38 RCW. The proceeds of such excise taxes are hereby pledged to the
16 payment of any bonds and the interest thereon issued under the
17 provisions of RCW 47.10.700 through 47.10.724, and the legislature
18 hereby agrees to continue to impose the same excise taxes on motor
19 vehicle fuels in amounts sufficient to pay, when due, the principal and
20 interest on all bonds issued under the provisions of RCW 47.10.700
21 through 47.10.724.

22 **Sec. 617.** RCW 47.10.729 and 1965 c 121 s 4 are each amended to
23 read as follows:

24 Bonds issued under the provisions of RCW 47.10.726 through
25 47.10.738 (~~shall~~) must distinctly state that they are not a general
26 obligation of the state, but are payable in the manner provided in RCW
27 47.10.726 through 47.10.738 from the proceeds of all state excise taxes
28 on motor vehicle fuels imposed by chapter (~~82.36 RCW and chapter~~
29 ~~82.40))~~ 82.38 RCW. The proceeds of such excise taxes are pledged to
30 the payment of any bonds and the interest thereon issued under the
31 provisions of RCW 47.10.726 through 47.10.738. The legislature agrees
32 to continue to impose the same excise taxes on motor fuels in amounts
33 sufficient to pay the principal and interest on all bonds issued under
34 the provisions of RCW 47.10.726 through 47.10.738 when due.

1 **Sec. 618.** RCW 47.10.756 and 1967 ex.s. c 7 s 8 are each amended to
2 read as follows:

3 Bonds issued under the provisions of RCW 47.10.751 through
4 47.10.760 (~~((shall))~~) must distinctly state that they are not a general
5 obligation of the state, but are payable in the manner provided in RCW
6 47.10.751 through 47.10.760 from the proceeds of state excise taxes on
7 motor vehicle fuels imposed by chapter (~~((82.36 RCW and chapter 82.40))~~)
8 82.38 RCW. The proceeds of such excise taxes are hereby pledged to the
9 payment of any bonds and the interest thereon issued under the
10 provisions of RCW 47.10.751 through 47.10.760, and the legislature
11 hereby agrees to continue to impose the same excise taxes on motor
12 vehicle fuels in amounts sufficient to pay, when due, the principal and
13 interest on all bonds issued under the provisions of RCW 47.10.751
14 through 47.10.760.

15 **Sec. 619.** RCW 47.10.766 and 1967 ex.s. c 7 s 18 are each amended
16 to read as follows:

17 Bonds issued under the provisions of RCW 47.10.761 through
18 47.10.771 (~~((shall))~~) must distinctly state that they are not a general
19 obligation of the state, but are payable in the manner provided in RCW
20 47.10.761 through 47.10.771 from the proceeds of state excise taxes on
21 motor vehicle fuels imposed by chapter (~~((82.36 RCW and chapter 82.40))~~)
22 82.38 RCW. The proceeds of such excise taxes are hereby pledged to the
23 payment of any bonds and the interest thereon issued under the
24 provisions of RCW 47.10.761 through 47.10.771, and the legislature
25 hereby agrees to continue to impose the same excise taxes on motor
26 vehicle fuels in amounts sufficient to pay, when due, the principal and
27 interest on all bonds issued under the provisions of RCW 47.10.761
28 through 47.10.771.

29 **Sec. 620.** RCW 47.10.793 and 1995 c 274 s 6 are each amended to
30 read as follows:

31 Bonds issued under the provisions of RCW 47.10.790 (~~((shall))~~) must
32 distinctly state that they are a general obligation of the state of
33 Washington, (~~((shall))~~) must pledge the full faith and credit of the
34 state to the payment of the principal thereof and the interest thereon,
35 and (~~((shall))~~) must contain an unconditional promise to pay such
36 principal and interest as the same (~~((shall))~~) becomes due. The

1 principal of and interest on such bonds (~~shall~~) must be first payable
2 in the manner provided in RCW 47.10.790 through 47.10.798 from the
3 proceeds of the state excise taxes on motor vehicle and special fuels
4 imposed by chapter(~~s 82.36 and~~) 82.38 RCW. Proceeds of such excise
5 taxes are hereby pledged to the payment of any bonds and the interest
6 thereon issued under the provisions of RCW 47.10.790 through 47.10.798,
7 and the legislature hereby agrees to continue to impose the same excise
8 taxes on motor vehicle and special fuels in amounts sufficient to pay,
9 when due, the principal and interest on all bonds issued under the
10 provisions of RCW 47.10.790 through 47.10.798.

11 **Sec. 621.** RCW 47.10.804 and 1995 c 274 s 7 are each amended to
12 read as follows:

13 Bonds issued under RCW 47.10.801 (~~shall~~) must distinctly state
14 that they are a general obligation of the state of Washington,
15 (~~shall~~) must pledge the full faith and credit of the state to the
16 payment of the principal thereof and the interest thereon, and
17 (~~shall~~) must contain an unconditional promise to pay such principal
18 and interest as the same (~~shall~~) becomes due. The principal of and
19 interest on such bonds (~~shall~~) must be first payable in the manner
20 provided in RCW 47.10.801 through 47.10.809 from the proceeds of the
21 state excise taxes on motor vehicle and special fuels imposed by
22 chapter(~~s 82.36 and~~) 82.38 RCW. Proceeds of such excise taxes are
23 hereby pledged to the payment of any bonds and the interest thereon
24 issued under RCW 47.10.801 through 47.10.809, and the legislature
25 hereby agrees to continue to impose these excise taxes on motor vehicle
26 and special fuels in amounts sufficient to pay, when due, the principal
27 and interest on all bonds issued under RCW 47.10.801 through 47.10.809.

28 **Sec. 622.** RCW 47.10.815 and 1995 c 274 s 8 are each amended to
29 read as follows:

30 Bonds issued under the authority of RCW 47.10.812 through 47.10.817
31 (~~shall~~) must distinctly state that they are a general obligation of
32 the state of Washington, (~~shall~~) must pledge the full faith and
33 credit of the state to the payment of the principal thereof and the
34 interest thereon, and (~~shall~~) must contain an unconditional promise
35 to pay such principal and interest as the same (~~shall~~) becomes due.
36 The principal and interest on the bonds (~~shall~~) must be first payable

1 in the manner provided in RCW 47.10.812 through 47.10.817 from the
2 proceeds of the state excise taxes on motor vehicle and special fuels
3 imposed by chapter(~~s 82.36 and~~) 82.38 RCW. Proceeds of such excise
4 taxes are hereby pledged to the payment of any bonds and the interest
5 thereon issued under the authority of RCW 47.10.812 through 47.10.817,
6 and the legislature agrees to continue to impose these excise taxes on
7 motor vehicle and special fuels in amounts sufficient to pay, when due,
8 the principal and interest on all bonds issued under the authority of
9 RCW 47.10.812 through 47.10.817.

10 **Sec. 623.** RCW 47.10.822 and 1995 c 274 s 9 are each amended to
11 read as follows:

12 Bonds issued under the authority of RCW 47.10.819 through 47.10.824
13 (~~shall~~) must distinctly state that they are a general obligation of
14 the state of Washington, (~~shall~~) must pledge the full faith and
15 credit of the state to the payment of the principal thereof and the
16 interest thereon, and (~~shall~~) must contain an unconditional promise
17 to pay such principal and interest as the same (~~shall~~) becomes due.
18 The principal and interest on the bonds (~~shall~~) must be first payable
19 in the manner provided in RCW 47.10.819 through 47.10.824 from the
20 proceeds of the state excise taxes on motor vehicle and special fuels
21 imposed by chapter(~~s 82.36 and~~) 82.38 RCW. Proceeds of such excise
22 taxes are hereby pledged to the payment of any bonds and the interest
23 thereon issued under the authority of RCW 47.10.819 through 47.10.824,
24 and the legislature agrees to continue to impose these excise taxes on
25 motor vehicle and special fuels in amounts sufficient to pay, when due,
26 the principal and interest on all bonds issued under the authority of
27 RCW 47.10.819 through 47.10.824.

28 **Sec. 624.** RCW 47.10.838 and 1995 2nd sp.s. c 15 s 5 are each
29 amended to read as follows:

30 (1) Bonds issued under the authority of RCW 47.10.834 through
31 47.10.841 (~~shall~~) must distinctly state that they are a general
32 obligation of the state of Washington, (~~shall~~) must pledge the full
33 faith and credit of the state to the payment of the principal thereof
34 and the interest thereon, and (~~shall~~) must contain an unconditional
35 promise to pay such principal and interest as the same (~~shall~~)
36 becomes due.

1 (2) The principal and interest on the bonds issued for the purposes
2 enumerated in RCW 47.10.836 (~~shall~~) must be first payable in the
3 manner provided in RCW 47.10.834 through 47.10.841 from the proceeds of
4 the state excise taxes on motor vehicle and special fuels imposed by
5 chapter(~~s 82.36 and~~) 82.38 RCW. Proceeds of those excise taxes are
6 pledged to the payment of any bonds and the interest thereon issued
7 under the authority of RCW 47.10.834 through 47.10.841, and the
8 legislature agrees to continue to impose these excise taxes on motor
9 vehicle and special fuels in amounts sufficient to pay, when due, the
10 principal and interest on all bonds issued under the authority of RCW
11 47.10.834 through 47.10.841.

12 **Sec. 625.** RCW 47.10.846 and 1998 c 321 s 19 are each amended to
13 read as follows:

14 Bonds issued under the authority of RCW 47.10.843 through 47.10.848
15 (~~shall~~) must distinctly state that they are a general obligation of
16 the state of Washington, (~~shall~~) must pledge the full faith and
17 credit of the state to the payment of the principal thereof and the
18 interest thereon, and (~~shall~~) must contain an unconditional promise
19 to pay such principal and interest as the same (~~shall~~) becomes due.
20 The principal and interest on the bonds (~~shall~~) must be first payable
21 in the manner provided in RCW 47.10.843 through 47.10.848 from the
22 proceeds of the state excise taxes on motor vehicle and special fuels
23 imposed by chapter(~~s 82.36 and~~) 82.38 RCW. Proceeds of such excise
24 taxes are hereby pledged to the payment of any bonds and the interest
25 thereon issued under the authority of RCW 47.10.843 through 47.10.848,
26 and the legislature agrees to continue to impose these excise taxes on
27 motor vehicle and special fuels in amounts sufficient to pay, when due,
28 the principal and interest on all bonds issued under the authority of
29 RCW 47.10.843 through 47.10.848.

30 **Sec. 626.** RCW 47.10.864 and 2003 c 147 s 4 are each amended to
31 read as follows:

32 Bonds issued under the authority of RCW 47.10.861 through 47.10.866
33 (~~shall~~) must distinctly state that they are a general obligation of
34 the state of Washington, (~~shall~~) must pledge the full faith and
35 credit of the state to the payment of the principal thereof and the
36 interest thereon, and (~~shall~~) must contain an unconditional promise

1 to pay such principal and interest as the same (~~shall~~) becomes due.
2 The principal and interest on the bonds (~~shall~~) must be first payable
3 in the manner provided in RCW 47.10.861 through 47.10.866 from the
4 proceeds of the state excise taxes on motor vehicle and special fuels
5 imposed by chapter(~~s 82.36 and~~) 82.38 RCW. Proceeds of these excise
6 taxes are hereby pledged to the payment of any bonds and the interest
7 thereon issued under the authority of RCW 47.10.861 through 47.10.866,
8 and the legislature agrees to continue to impose these excise taxes on
9 motor vehicle and special fuels in amounts sufficient to pay, when due,
10 the principal and interest on all bonds issued under the authority of
11 RCW 47.10.861 through 47.10.866.

12 **Sec. 627.** RCW 47.10.876 and 2005 c 315 s 4 are each amended to
13 read as follows:

14 Bonds issued under the authority of RCW 47.10.873 through 47.10.878
15 (~~shall~~) must distinctly state that they are a general obligation of
16 the state of Washington, (~~shall~~) must pledge the full faith and
17 credit of the state to the payment of the principal thereof and the
18 interest thereon, and (~~shall~~) must contain an unconditional promise
19 to pay such principal and interest as the same (~~shall~~) becomes due.
20 The principal and interest on the bonds (~~shall~~) must be first payable
21 in the manner provided in RCW 47.10.873 through 47.10.878 from the
22 proceeds of the state excise taxes on motor vehicle and special fuels
23 imposed by chapter(~~s 82.36 and~~) 82.38 RCW. Proceeds of these excise
24 taxes are hereby pledged to the payment of any bonds and the interest
25 thereon issued under the authority of RCW 47.10.873 through 47.10.878,
26 and the legislature agrees to continue to impose these excise taxes on
27 motor vehicle and special fuels in amounts sufficient to pay, when due,
28 the principal and interest on all bonds issued under the authority of
29 RCW 47.10.873 through 47.10.878.

30 **Sec. 628.** RCW 47.10.883 and 2009 c 498 s 12 are each amended to
31 read as follows:

32 Bonds issued under the authority of this section and RCW 47.10.879,
33 47.10.884, and 47.10.885 (~~shall~~) must distinctly state that they are
34 a general obligation of the state of Washington, (~~shall~~) must pledge
35 the full faith and credit of the state to the payment of the principal
36 thereof and the interest thereon, and (~~shall~~) must contain an

1 unconditional promise to pay such principal and interest as the same
2 (~~shall~~) becomes due. The principal of and interest on the bonds
3 (~~shall~~) must be first payable in the manner provided in this section
4 and RCW 47.10.879, 47.10.884, and 47.10.885 from toll revenue and then
5 from proceeds of excise taxes on motor vehicle and special fuels to the
6 extent toll revenue is not available for that purpose. Toll revenue
7 and the state excise taxes on motor vehicle and special fuels imposed
8 by chapter(~~s 82.36 and~~) 82.38 RCW are hereby pledged to the payment
9 of any bonds and the interest thereon issued under the authority of
10 this section and RCW 47.10.879, 47.10.884, and 47.10.885, and the
11 legislature agrees to continue to impose these toll charges on the
12 state route number 520 corridor, and on any other eligible toll
13 facility designated by the legislature and on which the imposition of
14 tolls is authorized by the legislature in respect of the bonds, and
15 excise taxes on motor vehicle and special fuels in amounts sufficient
16 to pay, when due, the principal and interest on all bonds issued under
17 the authority of this section and RCW 47.10.879, 47.10.884, and
18 47.10.885.

19 **Sec. 629.** RCW 47.26.404 and 1973 1st ex.s. c 169 s 3 are each
20 amended to read as follows:

21 Bonds issued under the provisions of RCW 47.26.400 through
22 47.26.407 (~~shall~~) must distinctly state that they are a general
23 obligation of the state of Washington, (~~shall~~) must pledge the full
24 faith and credit of the state to the payment of the principal thereof
25 and the interest thereon and (~~shall~~) must contain an unconditional
26 promise to pay such principal and interest as the same (~~shall~~)
27 becomes due. The principal of and interest on such bonds (~~shall~~)
28 must be first payable in the manner provided in RCW 47.26.400 through
29 47.26.407 from the proceeds of state excise taxes on motor vehicle
30 fuels imposed by chapter (~~(82.36 RCW and chapter 82.40 RCW)~~) 82.38 RCW.
31 The proceeds of such excise taxes are hereby pledged to the payment of
32 any bonds and the interest thereon issued under the provisions of RCW
33 47.26.400 through 47.26.407, and the legislature hereby agrees to
34 continue to impose the same excise taxes on motor vehicle fuels in
35 amounts sufficient to pay, when due, the principal and interest on all
36 bonds issued under the provisions of RCW 47.26.400 through 47.26.407.

1 **Sec. 630.** RCW 47.26.424 and 1995 c 274 s 11 are each amended to
2 read as follows:

3 The first authorization bonds, series II bonds, and series III
4 bonds (~~shall~~) must distinctly state that they are a general
5 obligation of the state of Washington, (~~shall~~) must pledge the full
6 faith and credit of the state to the payment of the principal thereof
7 and the interest thereon, and (~~shall~~) must contain an unconditional
8 promise to pay such principal and interest as the same (~~shall~~)
9 becomes due. The principal and interest on such bonds (~~shall~~) must
10 be first payable in the manner provided in RCW 47.26.420 through
11 47.26.427, 47.26.425, and 47.26.4254 from the proceeds of state excise
12 taxes on motor vehicle and special fuels imposed by chapter(~~s—82.36~~
13 ~~and~~) 82.38 RCW. The proceeds of such excise taxes are hereby pledged
14 to the payment of any such bonds and the interest thereon, and the
15 legislature hereby agrees to continue to impose the same excise taxes
16 on motor vehicle and special fuels in amounts sufficient to pay, when
17 due, the principal and interest on all such bonds.

18 **Sec. 631.** RCW 47.26.4252 and 2011 c 120 s 12 are each amended to
19 read as follows:

20 Any funds required to repay the authorization of series II bonds
21 authorized by RCW 47.26.420, as reenacted by section 3, chapter 5, Laws
22 of 1979, or the interest thereon when due, (~~shall~~) must first be
23 taken from that portion of the motor vehicle fund which results from
24 the imposition of excise taxes on motor vehicle and special fuels
25 imposed by chapter(~~s—82.36 and~~) 82.38 RCW and which is distributed to
26 the transportation improvement account in the motor vehicle fund
27 pursuant to RCW 46.68.090(2)(e), subject, however, to the prior lien of
28 the first authorization of bonds authorized by RCW 47.26.420, as
29 reenacted by section 3, chapter 5, Laws of 1979. If the moneys
30 distributed to the transportation improvement account shall ever be
31 insufficient to repay the first authorization bonds together with
32 interest thereon, and the series II bonds or the interest thereon when
33 due, the amount required to make such payments on such bonds or
34 interest thereon (~~shall~~) must next be taken from that portion of the
35 motor vehicle fund which results from the imposition of excise taxes on
36 motor vehicle and special fuels and which is distributed to the state,
37 counties, cities, and towns pursuant to RCW 46.68.090. Any payments on

1 such bonds or interest thereon taken from motor vehicle or special fuel
2 tax revenues which are distributable to the state, counties, cities,
3 and towns, (~~shall~~) must be repaid from the first moneys distributed
4 to the transportation improvement account not required for redemption
5 of the first authorization bonds or series II and series III bonds or
6 interest on those bond issues.

7 **Sec. 632.** RCW 47.26.4254 and 2011 c 120 s 13 are each amended to
8 read as follows:

9 (1) Any funds required to repay series III bonds authorized by RCW
10 47.26.420, or the interest thereon, when due (~~shall~~) must first be
11 taken from that portion of the motor vehicle fund that results from the
12 imposition of excise taxes on motor vehicle and special fuels imposed
13 by chapter(~~s 82.36 and~~) 82.38 RCW and that is distributed to the
14 transportation improvement account in the motor vehicle fund pursuant
15 to RCW 46.68.090(2)(e), subject, however, to the prior lien of the
16 first authorization of bonds authorized by RCW 47.26.420. If the
17 moneys so distributed to the transportation improvement account, after
18 first being applied to administrative expenses of the transportation
19 improvement board and to the requirements of bond retirement and
20 payment of interest on first authorization bonds and series II bonds as
21 provided in RCW 47.26.425 and 47.26.4252, are insufficient to meet the
22 requirements for bond retirement or interest on any series III bonds,
23 the amount required to make such payments on series III bonds or
24 interest thereon (~~shall~~) must next be taken from that portion of the
25 motor vehicle fund that results from the imposition of excise taxes on
26 motor vehicle and special fuels and that is distributed to the state,
27 counties, cities, and towns pursuant to RCW 46.68.090, subject,
28 however, to subsection (2) of this section.

29 (2) To the extent that moneys so distributed to the transportation
30 improvement account are insufficient to meet the requirements for bond
31 retirement or interest on any series III bonds, sixty percent of the
32 amount required to make such payments when due (~~shall~~) must first be
33 taken from that portion of the motor vehicle fund that results from the
34 imposition of excise taxes on motor vehicle and special fuels and that
35 is distributed to the state. The remaining forty percent (~~shall~~)
36 must first be taken from that portion of the motor vehicle fund that
37 results from the imposition of excise taxes on motor vehicle and

1 special fuels and that is distributed to the cities and towns pursuant
2 to RCW 46.68.090(2)(g) and to the counties pursuant to RCW
3 46.68.090(2)(h). Of the counties', cities', and towns' share of any
4 additional amounts required in each fiscal year, the percentage thereof
5 to be taken from the counties' distributive share and from the cities'
6 and towns' distributive share (~~shall~~) must correspond to the
7 percentage of funds authorized for specific county projects and for
8 specific city and town projects, respectively, from the proceeds of
9 series III bonds, for the period through the first eleven months of the
10 prior fiscal year as determined by the chair of the transportation
11 improvement board and reported to the state finance committee and the
12 state treasurer not later than the first working day of June.

13 (3) Any payments on such bonds or interest thereon taken from motor
14 vehicle or special fuel tax revenues that are distributable to the
15 state, counties, cities, and towns (~~shall~~) must be repaid from the
16 first moneys distributed to the transportation improvement account not
17 required for redemption of the first authorization bonds, series II
18 bonds, or series III bonds or interest on these bonds.

19 **Sec. 633.** RCW 47.26.504 and 1995 c 274 s 14 are each amended to
20 read as follows:

21 Bonds issued under the provisions of RCW 47.26.500 through
22 47.26.507 (~~shall~~) must distinctly state that they are a general
23 obligation of the state of Washington, (~~shall~~) must pledge the full
24 faith and credit of the state to the payment of the principal thereof
25 and the interest thereon, and (~~shall~~) must contain an unconditional
26 promise to pay such principal and interest as the same (~~shall~~)
27 becomes due. The principal and interest on such bonds (~~shall~~) must
28 be first payable in the manner provided in RCW 47.26.500 through
29 47.26.507 from the proceeds of state excise taxes on motor vehicle and
30 special fuels imposed by chapter(~~s 82.36 and~~) 82.38 RCW. The
31 proceeds of such excise taxes are hereby pledged to the payment of any
32 such bonds and the interest thereon, and the legislature hereby agrees
33 to continue to impose the same excise taxes on motor vehicle and
34 special fuels in amounts sufficient to pay, when due, the principal and
35 interest on all such bonds.

1 **Sec. 634.** RCW 47.56.771 and 1999 c 269 s 14 are each amended to
2 read as follows:

3 (1) The refunding bonds authorized under RCW 47.56.770 (~~shall~~)
4 must be general obligation bonds of the state of Washington and
5 (~~shall~~) must be issued in a total principal amount not to exceed
6 fifteen million dollars. The exact amount of refunding bonds to be
7 issued (~~shall~~) must be determined by the state finance committee
8 after calculating the amount of money deposited with the trustee for
9 the bonds to be refunded which can be used to redeem or defease
10 outstanding toll bridge authority, ferry, and Hood Canal bridge revenue
11 bonds after the setting aside of sufficient money from that fund to pay
12 the first interest installment on the refunding bonds. The refunding
13 bonds (~~shall~~) must be serial in form maturing at such time, in such
14 amounts, having such denomination or denominations, redemption
15 privileges, and having such terms and conditions as determined by the
16 state finance committee. The last maturity date of the refunding bonds
17 (~~shall~~) may not be later than January 1, 2002.

18 (2) The refunding bonds (~~shall~~) must be signed by the governor
19 and the state treasurer under the seal of the state, which signatures
20 (~~shall~~) must be made manually or in printed facsimile. The bonds
21 (~~shall~~) must be registered in the name of the owner in accordance
22 with chapter 39.46 RCW. The refunding bonds (~~shall~~) must distinctly
23 state that they are a general obligation of the state of Washington,
24 (~~shall~~) must pledge the full faith and credit of the state, and
25 (~~shall~~) must contain an unconditional promise to pay the principal
26 thereof and the interest thereon when due. The refunding bonds
27 (~~shall~~) must be fully negotiable instruments.

28 (3) The principal and interest on the refunding bonds (~~shall~~)
29 must be first payable in the manner provided in this section from the
30 proceeds of state excise taxes on (~~motor vehicle and special~~) fuels
31 imposed by chapter(~~s 82.36 and~~) 82.38 RCW.

32 (4) The principal of and interest on the refunding bonds (~~shall~~)
33 must be paid first from the state excise taxes on motor vehicle and
34 special fuels deposited in the ferry bond retirement fund. There is
35 hereby pledged the proceeds of state excise taxes on motor vehicle and
36 special fuels imposed under chapter(~~s 82.36 and~~) 82.38 RCW to pay the
37 refunding bonds and interest thereon, and the legislature hereby agrees
38 to continue to impose the same excise taxes on motor vehicle and

1 special fuels in amounts sufficient to pay, when due, the principal and
2 interest on the refunding bonds. Not less than fifteen days prior to
3 the date any interest or principal and interest payments are due, the
4 state finance committee (~~shall~~) must certify to the state treasurer
5 such amount of additional money as may be required for debt service,
6 and the treasurer (~~shall~~) must thereupon transfer from the motor
7 vehicle fund such amount from the proceeds of such excise taxes into
8 the ferry bond retirement fund. Any proceeds of such excise taxes
9 required for these purposes (~~shall~~) must first be taken from that
10 portion of the motor vehicle fund which results from the imposition of
11 the excise taxes on motor vehicle and special fuels and which is
12 distributed to the Puget Sound capital construction account. If the
13 proceeds from excise taxes distributed to the state are ever
14 insufficient to meet the required payments on principal or interest on
15 the refunding bonds when due, the amount required to make the payments
16 on the principal or interest (~~shall~~) must next be taken from that
17 portion of the motor vehicle fund which results from the imposition of
18 excise taxes on motor vehicle and special fuels and which is
19 distributed to the state, counties, cities, and towns pursuant to RCW
20 46.68.090. Any payments of the principal or interest taken from the
21 motor vehicle or special fuel tax revenues which are distributable to
22 the counties, cities, and towns (~~shall~~) must be repaid from the first
23 money distributed to the state not required for redemption of the
24 refunding bonds or interest thereon. The legislature covenants that it
25 (~~shall~~) will at all times provide sufficient revenues from the
26 imposition of such excise taxes to pay the principal and interest due
27 on the refunding bonds.

28 **Sec. 635.** RCW 47.60.580 and 1995 c 274 s 18 are each amended to
29 read as follows:

30 Bonds issued under the provisions of RCW 47.60.560 (~~shall~~) must
31 distinctly state that they are a general obligation of the state of
32 Washington, (~~shall~~) must pledge the full faith and credit of the
33 state to the payment of the principal thereof and the interest thereon,
34 and (~~shall~~) must contain an unconditional promise to pay such
35 principal and interest as the same (~~shall~~) becomes due. The
36 principal of and interest on such bonds (~~shall~~) must be first payable
37 in the manner provided in RCW 47.60.560 through 47.60.640 from the

1 proceeds of the state excise taxes on motor vehicle and special fuels
2 imposed by chapter(~~s 82.36 and~~) 82.38 RCW. Proceeds of such excise
3 taxes are hereby pledged to the payment of any bonds and the interest
4 thereon issued under the provisions of RCW 47.60.560 through 47.60.640
5 and the legislature hereby agrees to continue to impose the same excise
6 taxes on motor vehicle and special fuels in amounts sufficient to pay,
7 when due, the principal and interest on all bonds issued under the
8 provisions of RCW 47.60.560 through 47.60.640.

9 **Sec. 636.** RCW 79A.25.010 and 2007 c 241 s 40 are each amended to
10 read as follows:

11 The definitions in this section apply throughout this chapter
12 unless the context clearly requires otherwise.

13 (1) "Marine recreation land" means any land with or without
14 improvements which (a) provides access to, or in whole or in part
15 borders on, fresh or salt water suitable for recreational use by
16 watercraft, or (b) may be used to create, add to, or make more usable,
17 bodies of water, waterways, or land, for recreational use by
18 watercraft.

19 (2) "Public body" means any county, city, town, port district, park
20 and recreation district, metropolitan park district, or other municipal
21 corporation which is authorized to acquire or improve public outdoor
22 recreation land, and (~~shall~~) also means Indian tribes now or
23 hereafter recognized as such by the federal government for
24 participation in the land and water conservation program.

25 (3) "Tax on marine fuel" means motor vehicle fuel tax which is (a)
26 tax on fuel used in, or sold or distributed for use in, any watercraft,
27 (b) refundable pursuant to chapter (~~82.36~~) 82.38 RCW, and (c) paid to
28 the director of licensing with respect to taxable sales, distributions,
29 or uses occurring on or after December 3, 1964.

30 (4) "Watercraft" means any boat, vessel, or other craft used for
31 navigation on or through water.

32 (5) "Board" means the recreation and conservation funding board.

33 (6) "Director" means the director of the recreation and
34 conservation office.

35 (7) "Office," "recreation and conservation office," or "the office
36 of recreation and conservation" means the state agency responsible for
37 administration of programs and activities of the recreation and

1 conservation funding board, the salmon recovery funding board, the
2 invasive species council, and such other duties or boards, councils, or
3 advisory groups as are or may be established or directed for
4 administrative placement in the agency.

5 (8) "Council" means the Washington invasive species council created
6 in RCW 79A.25.310.

7 **Sec. 637.** RCW 79A.25.040 and 2010 c 23 s 2 are each amended to
8 read as follows:

9 There is created the marine fuel tax refund account in the state
10 treasury. The director of licensing (~~((shall))~~) must request the state
11 treasurer to refund monthly from the motor vehicle fund an amount equal
12 to one percent of the motor vehicle fuel tax moneys collected during
13 that period. The state treasurer (~~((shall))~~) must refund such amounts
14 and place them in the marine fuel tax refund account to be held for
15 those entitled thereto pursuant to chapter (~~((82.36))~~) 82.38 RCW and RCW
16 79A.25.050, except that the treasurer may not refund and place in the
17 marine fuel tax refund account more than the greater of the following
18 amounts: (1) An amount equal to two percent of all moneys paid to the
19 treasurer as motor vehicle fuel tax for such period, (2) an amount
20 necessary to meet all approved claims for refund of tax on marine fuel
21 for such period.

22 **Sec. 638.** RCW 79A.25.050 and 1965 c 5 s 5 are each amended to read
23 as follows:

24 Claims submitted pursuant to chapter (~~((82.36))~~) 82.38 RCW for refund
25 of tax on marine fuel which has been placed in the marine fuel tax
26 refund account (~~((shall))~~) must, if approved, be paid from that account.

27 **Sec. 639.** RCW 82.04.4285 and 1998 c 176 s 3 are each amended to
28 read as follows:

29 In computing tax there may be deducted from the measure of tax so
30 much of the sale price of (~~((motor vehicle))~~) fuel as constitutes the
31 amount of tax imposed by the state under chapter(~~((s 82.36 and))~~) 82.38
32 RCW or the United States government, under 26 U.S.C., Subtitle D,
33 chapters 31 and 32, upon the sale thereof.

1 **Sec. 640.** RCW 82.08.0255 and 2011 1st sp.s. c 16 s 4 are each
2 amended to read as follows:

3 (1) The tax levied by RCW 82.08.020 (~~shall~~) does not apply to
4 sales of motor vehicle and special fuel if:

5 (a) 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(3)~~) 82.38.080(1) (f) and (g) or
8 82.38.180(3)(b); or

9 (b) The fuel is purchased by a private, nonprofit transportation
10 provider certified under chapter 81.66 RCW and the purchaser is
11 entitled to a refund or an exemption under RCW (~~82.36.285 or~~
12 ~~82.38.080(1)(h)~~) 82.38.080(1)(d) or 82.38.180(3)(a); or

13 (c) The fuel is purchased by a public transportation benefit area
14 created under chapter 36.57A RCW or a county-owned ferry or county
15 ferry district created under chapter 36.54 RCW for use in passenger-
16 only ferry vessels; or

17 (d) The fuel is purchased by the Washington state ferry system for
18 use in a state-owned ferry after June 30, 2013; or

19 (e) The fuel is purchased by a county-owned ferry for use in ferry
20 vessels after June 30, 2013; or

21 (f) The fuel is taxable under chapter (~~82.36 or~~) 82.38 RCW.

22 (2) Any person who has paid the tax imposed by RCW 82.08.020 on the
23 sale of special fuel delivered in this state (~~shall be~~) is entitled
24 to a credit or refund of such tax with respect to fuel subsequently
25 established to have been actually transported and used outside this
26 state by persons engaged in interstate commerce. The tax (~~shall~~)
27 must be claimed as a credit or refunded through the tax reports
28 required under RCW 82.38.150.

29 **Sec. 641.** RCW 82.80.010 and 2003 c 350 s 1 are each amended to
30 read as follows:

31 (1) For purposes of this section:

32 (a) "Distributor" means every person who imports, refines,
33 manufactures, produces, or compounds motor vehicle fuel and special
34 fuel as defined in RCW (~~82.36.010 and~~) 82.38.020, respectively, and
35 sells or distributes the fuel into a county;

36 (b) "Person" has the same meaning as in RCW 82.04.030.

1 (2) Subject to the conditions of this section, any county may levy,
2 by approval of its legislative body and a majority of the registered
3 voters of the county voting on the proposition at a general or special
4 election, additional excise taxes equal to ten percent of the statewide
5 motor vehicle fuel tax rate under RCW (~~(82.36.025)~~) 82.38.030 on each
6 gallon of motor vehicle fuel as defined in RCW (~~(82.36.010)~~) 82.38.020
7 and on each gallon of special fuel as defined in RCW 82.38.020 sold
8 within the boundaries of the county. Vehicles paying an annual license
9 fee under RCW 82.38.075 are exempt from the county fuel excise tax. An
10 election held under this section must be held not more than twelve
11 months before the date on which the proposed tax is to be levied. The
12 ballot setting forth the proposition (~~(shall)~~) must state the tax rate
13 that is proposed. The county's authority to levy additional excise
14 taxes under this section includes the incorporated and unincorporated
15 areas of the county. The additional excise taxes are subject to the
16 same exceptions and rights of refund as applicable to other motor
17 vehicle fuel and special fuel excise taxes levied under chapter(~~(82.36~~
18 ~~and)~~) 82.38 RCW. The proposed tax (~~(shall)~~) may not be levied
19 less than one month from the date the election results are certified by
20 the county election officer. The commencement date for the levy of any
21 tax under this section (~~(shall)~~) must be the first day of January,
22 April, July, or October.

23 (3) The local option motor vehicle fuel tax on each gallon of motor
24 vehicle fuel and on each gallon of special fuel is imposed upon the
25 distributor of the fuel.

26 (4) A taxable event for the purposes of this section occurs upon
27 the first distribution of the fuel within the boundaries of a county to
28 a retail outlet, bulk fuel user, or ultimate user of the fuel.

29 (5) All administrative provisions in chapters 82.01, 82.03, and
30 82.32 RCW, insofar as they are applicable, apply to local option fuel
31 taxes imposed under this section.

32 (6) Before the effective date of the imposition of the fuel taxes
33 under this section, a county (~~(shall)~~) must contract with the
34 department of revenue for the administration and collection of the
35 taxes. The contract must provide that a percentage amount, not to
36 exceed one percent of the taxes imposed under this section, will be
37 deposited into the local tax administration account created in the

1 custody of the state treasurer. The department of revenue may spend
2 money from this account, upon appropriation, for the administration of
3 the local taxes imposed under this section.

4 (7) The state treasurer (~~shall~~) must distribute monthly to the
5 levying county and cities contained therein the proceeds of the
6 additional excise taxes collected under this section, after the
7 deductions for payments and expenditures as provided in RCW
8 46.68.090(1) (a) and (b) and under the conditions and limitations
9 provided in RCW 82.80.080.

10 (8) The proceeds of the additional excise taxes levied under this
11 section (~~shall~~) must be used strictly for transportation purposes in
12 accordance with RCW 82.80.070.

13 (9) A county may not levy the tax under this section if they are
14 levying the tax in RCW 82.80.110 or if they are a member of a regional
15 transportation investment district levying the tax in RCW 82.80.120.

16 **Sec. 642.** RCW 82.80.110 and 2003 c 350 s 2 are each amended to
17 read as follows:

18 (1) For purposes of this section:

19 (a) "Distributor" means every person who imports, refines,
20 manufactures, produces, or compounds motor vehicle fuel and special
21 fuel as defined in RCW (~~82.36.010 and~~) 82.38.020, respectively, and
22 sells or distributes the fuel into a county;

23 (b) "Person" has the same meaning as in RCW 82.04.030.

24 (2) For purposes of dedication to a regional transportation
25 investment district plan under chapter 36.120 RCW, subject to the
26 conditions of this section, a county may levy additional excise taxes
27 equal to ten percent of the statewide motor vehicle fuel tax rate under
28 RCW (~~82.36.025~~) 82.38.030 on each gallon of motor vehicle fuel as
29 defined in RCW (~~82.36.010~~) 82.38.020 and on each gallon of special
30 fuel as defined in RCW (~~82.38.020~~) 82.32.020 sold within the
31 boundaries of the county. The additional excise tax is subject to the
32 approval of the county's legislative body and a majority of the
33 registered voters of the county voting on the proposition at a general
34 or special election. An election held under this section must be held
35 not more than twelve months before the date on which the proposed tax
36 is to be levied. The ballot setting forth the proposition must state
37 that the revenues from the tax will be used for a regional

1 transportation investment district plan. The county's authority to
2 levy additional excise taxes under this section includes the
3 incorporated and unincorporated areas of the county. Vehicles paying
4 an annual license fee under RCW 82.38.075 are exempt from the county
5 fuel excise tax. The additional excise taxes are subject to the same
6 exceptions and rights of refund as applicable to other motor vehicle
7 fuel and special fuel excise taxes levied under chapter(~~s 82.36 and~~)
8 82.38 RCW. The proposed tax may not be levied less than one month from
9 the date the election results are certified by the county election
10 officer. The commencement date for the levy of any tax under this
11 section will be the first day of January, April, July, or October.

12 (3) The local option motor vehicle fuel tax on each gallon of motor
13 vehicle fuel and on each gallon of special fuel is imposed upon the
14 distributor of the fuel.

15 (4) A taxable event for the purposes of this section occurs upon
16 the first distribution of the fuel within the boundaries of a county to
17 a retail outlet, bulk fuel user, or ultimate user of the fuel.

18 (5) All administrative provisions in chapters 82.01, 82.03, and
19 82.32 RCW, insofar as they are applicable, apply to local option fuel
20 taxes imposed under this section.

21 (6) Before the effective date of the imposition of the fuel taxes
22 under this section, a county (~~shall~~) must contract with the
23 department of revenue for the administration and collection of the
24 taxes. The contract must provide that a percentage amount, not to
25 exceed one percent of the taxes imposed under this section, will be
26 deposited into the local tax administration account created in the
27 custody of the state treasurer. The department of revenue may spend
28 money from this account, upon appropriation, for the administration of
29 the local taxes imposed under this section.

30 (7) The state treasurer (~~shall~~) must distribute monthly to the
31 county levying the tax as part of a regional transportation investment
32 plan, after the deductions for payments and expenditures as provided in
33 RCW 46.68.090(1) (a) and (b).

34 (8) The proceeds of the additional taxes levied by a county in this
35 section, to be used as a part of a regional transportation investment
36 plan, must be used in accordance with chapter 36.120 RCW, but only for
37 those areas that are considered "highway purposes" as that term is
38 construed in Article II, section 40 of the state Constitution.

1 (9) A county may not levy the tax under this section if they are a
2 member of a regional transportation investment district that is levying
3 the tax in RCW 82.80.120 or the county is levying the tax in RCW
4 82.80.010.

5 **Sec. 643.** RCW 82.80.120 and 2010 c 106 s 233 are each amended to
6 read as follows:

7 (1) For purposes of this section:

8 (a) "Distributor" means every person who imports, refines,
9 manufactures, produces, or compounds motor vehicle fuel and special
10 fuel as defined in RCW (~~(82.36.010 and)~~) 82.38.020, respectively, and
11 sells or distributes the fuel into a county;

12 (b) "Person" has the same meaning as in RCW 82.04.030;

13 (c) "District" means a regional transportation investment district
14 under chapter 36.120 RCW.

15 (2) A regional transportation investment district under chapter
16 36.120 RCW, subject to the conditions of this section, may levy
17 additional excise taxes equal to ten percent of the statewide motor
18 vehicle fuel tax rate under RCW (~~(82.36.025)~~) 82.38.030 on each gallon
19 of motor vehicle fuel as defined in RCW (~~(82.36.010)~~) 82.38.020 and on
20 each gallon of special fuel as defined in RCW 82.38.020 sold within the
21 boundaries of the district. The additional excise tax is subject to
22 the approval of a majority of the voters within the district
23 boundaries. Vehicles paying an annual license fee under RCW 82.38.075
24 are exempt from the district's fuel excise tax. The additional excise
25 taxes are subject to the same exceptions and rights of refund as
26 applicable to other motor vehicle fuel and special fuel excise taxes
27 levied under chapter(~~s 82.36 and~~) 82.38 RCW. The proposed tax may
28 not be levied less than one month from the date the election results
29 are certified. The commencement date for the levy of any tax under
30 this section will be the first day of January, April, July, or October.

31 (3) The local option motor vehicle fuel tax on each gallon of motor
32 vehicle fuel and on each gallon of special fuel is imposed upon the
33 distributor of the fuel.

34 (4) A taxable event for the purposes of this section occurs upon
35 the first distribution of the fuel within the boundaries of the
36 district to a retail outlet, bulk fuel user, or ultimate user of the
37 fuel.

1 (5) All administrative provisions in chapters 82.01, 82.03, and
2 82.32 RCW, insofar as they are applicable, apply to local option fuel
3 taxes imposed under this section.

4 (6) Before the effective date of the imposition of the fuel taxes
5 under this section, a district must contract with the department of
6 revenue for the administration and collection of the taxes. The
7 contract must provide that a percentage amount, not to exceed one
8 percent of the taxes imposed under this section, will be deposited into
9 the local tax administration account created in the custody of the
10 state treasurer. The department of revenue may spend money from this
11 account, upon appropriation, for the administration of the local taxes
12 imposed under this section.

13 (7) The state treasurer must distribute monthly to the district
14 levying the tax as part of the regional transportation investment
15 district plan, after the deductions for payments and expenditures as
16 provided in RCW 46.68.090(1) (a) and (b).

17 (8) The proceeds of the additional taxes levied by a district in
18 this section, to be used as a part of a regional transportation
19 investment district plan, must be used in accordance with chapter
20 36.120 RCW, but only for those areas that are considered "highway
21 purposes" as that term is construed in Article II, section 40 of the
22 state Constitution.

23 (9) A district may only levy the tax under this section if the
24 district is comprised of boundaries identical to the boundaries of a
25 county or counties. A district may not levy the tax in this section if
26 a member county is levying the tax in RCW 82.80.010 or 82.80.110.

27 **Sec. 644.** RCW 46.68.080 and 2010 c 161 s 1128 are each amended to
28 read as follows:

29 (1) Vehicle license fees collected under RCW 46.17.350 and
30 46.17.355 and fuel taxes collected under RCW (~~(82.36.025(1) and~~)
31 82.38.030(1) and directly or indirectly paid by the residents of those
32 counties composed entirely of islands and which have neither a fixed
33 physical connection with the mainland nor any state highways on any of
34 the islands of which they are composed, (~~shall~~) must be paid into the
35 motor vehicle fund of the state of Washington and (~~shall~~) must
36 monthly, as they accrue, and after deducting therefrom the expenses of

1 issuing such licenses and the cost of collecting such (~~vehicle~~) fuel
2 tax, be paid to the county treasurer of each such county to be by him
3 or her disbursed as hereinafter provided.

4 (2) One-half of the vehicle license fees collected under RCW
5 46.17.350 and 46.17.355 and one-half of the fuel taxes collected under
6 RCW (~~(82.36.025(1) and~~) 82.38.030(1) and directly or indirectly paid
7 by the residents of those counties composed entirely of islands and
8 which have either a fixed physical connection with the mainland or
9 state highways on any of the islands of which they are composed,
10 (~~shall~~) must be paid into the motor vehicle fund of the state of
11 Washington and (~~shall~~) must monthly, as they accrue, and after
12 deducting therefrom the expenses of issuing such licenses and the cost
13 of collecting such (~~motor vehicle~~) fuel tax, be paid to the county
14 treasurer of each such county to be by him or her disbursed as
15 hereinafter provided.

16 (3) All funds paid to the county treasurer of the counties of
17 either class referred to in subsections (1) and (2) of this section,
18 (~~shall be~~) must be distributed and credited by (~~such~~) the county
19 treasurer (~~(distributed and credited)~~) to the several road districts of
20 each such county and paid to the city treasurer of each incorporated
21 city and town within each such county, in the direct proportion that
22 the assessed valuation of each such road district and incorporated city
23 and town (~~shall~~) bears to the total assessed valuation of each such
24 county.

25 (4) The amount of motor vehicle fuel tax paid by the residents of
26 those counties composed entirely of islands (~~shall~~) must, for the
27 purposes of this section, be that percentage of the total amount of
28 motor vehicle fuel tax collected in the state that the vehicle license
29 fees paid by the residents of counties composed entirely of islands
30 bears to the total vehicle license fees paid by the residents of the
31 state.

32 (5)(a) An amount of fuel taxes (~~shall~~) must be deposited into the
33 Puget Sound ferry operations account. This amount (~~shall~~) must equal
34 the difference between the total amount of fuel taxes collected in the
35 state under RCW (~~(82.36.020 and~~) 82.38.030 less the total amount of
36 fuel taxes collected in the state under RCW (~~(82.36.020(1) and~~)
37 82.38.030(1) and be multiplied by a fraction. The fraction (~~shall~~)
38 must equal the amount of vehicle license fees collected under RCW

1 46.17.350 and 46.17.355 from counties described in subsection (1) of
2 this section divided by the total amount of vehicle license fees
3 collected in the state under RCW 46.17.350 and 46.17.355.

4 (b) An additional amount of fuel taxes (~~shall~~) must be deposited
5 into the Puget Sound ferry operations account. This amount (~~shall~~)
6 must equal the difference between the total amount of fuel taxes
7 collected in the state under RCW (~~82.36.020 and~~) 82.38.030 less the
8 total amount of fuel taxes collected in the state under RCW
9 (~~82.36.020(1) and~~) 82.38.030(1) and be multiplied by a fraction. The
10 fraction (~~shall~~) must equal the amount of vehicle license fees
11 collected under RCW 46.17.350 and 46.17.355 from counties described in
12 subsection (2) of this section divided by the total amount of vehicle
13 license fees collected in the state under RCW 46.17.350 and 46.17.355,
14 and this (~~shall~~) must be multiplied by one-half.

15 **Sec. 645.** RCW 46.68.090 and 2011 c 120 s 4 are each amended to
16 read as follows:

17 (1) All moneys that have accrued or may accrue to the motor vehicle
18 fund from the motor vehicle fuel tax and special fuel tax (~~shall~~)
19 must be first expended for purposes enumerated in (a) and (b) of this
20 subsection. The remaining net tax amount (~~shall~~) must be distributed
21 monthly by the state treasurer in accordance with subsections (2)
22 through (7) of this section.

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

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

30 (2) All of the remaining net tax amount collected under RCW
31 (~~82.36.025(1) and~~) 82.38.030(1) (~~shall~~) must be distributed as set
32 forth in (a) through (j) of this section.

33 (a) For distribution to the motor vehicle fund an amount equal to
34 44.387 percent to be expended for highway purposes of the state as
35 defined in RCW 46.68.130;

36 (b)(i) For distribution to the special category C account, hereby
37 created in the motor vehicle fund, an amount equal to 3.2609 percent to

1 be expended for special category C projects. Special category C
2 projects are category C projects that, due to high cost only, will
3 require bond financing to complete construction.

4 (ii) The following criteria, listed in order of priority, (~~shall~~)
5 must be used in determining which special category C projects have the
6 highest priority:

7 ~~((i))~~ (A) Accident experience;

8 ~~((ii))~~ (B) Fatal accident experience;

9 ~~((iii))~~ (C) Capacity to move people and goods safely and at
10 reasonable speeds without undue congestion; and

11 ~~((iv))~~ (D) Continuity of development of the highway
12 transportation network.

13 (iii) Moneys deposited in the special category C account in the
14 motor vehicle fund may be used for payment of debt service on bonds the
15 proceeds of which are used to finance special category C projects under
16 this subsection (2)(b);

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

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

21 (e) For distribution to the transportation improvement account in
22 the motor vehicle fund an amount equal to 7.5597 percent;

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

26 (g) For distribution to the cities and towns from the motor vehicle
27 fund an amount equal to 10.6961 percent in accordance with RCW
28 46.68.110;

29 (h) For distribution to the counties from the motor vehicle fund an
30 amount equal to 19.2287 percent: (i) Out of which there (~~shall~~) must
31 be distributed from time to time, as directed by the department of
32 transportation, those sums as may be necessary to carry out the
33 provisions of RCW 47.56.725; and (ii) less any amounts appropriated to
34 the county road administration board to implement the provisions of RCW
35 47.56.725(4), with the balance of such county share to be distributed
36 monthly as the same accrues for distribution in accordance with RCW
37 46.68.120;

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

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

14 (3) The remaining net tax amount collected under RCW (~~(82.36.025(2)~~
15 ~~and)~~) 82.38.030(2) (~~(shall)~~) must be distributed to the transportation
16 2003 account (nickel account).

17 (4) The remaining net tax amount collected under RCW (~~(82.36.025(3)~~
18 ~~and)~~) 82.38.030(3) (~~(shall)~~) must be distributed as follows:

19 (a) 8.3333 percent (~~(shall)~~) must be distributed to the
20 incorporated cities and towns of the state in accordance with RCW
21 46.68.110;

22 (b) 8.3333 percent (~~(shall)~~) must be distributed to counties of the
23 state in accordance with RCW 46.68.120; and

24 (c) The remainder (~~(shall)~~) must be distributed to the
25 transportation partnership account created in RCW 46.68.290.

26 (5) The remaining net tax amount collected under RCW (~~(82.36.025(4)~~
27 ~~and)~~) 82.38.030(4) (~~(shall)~~) must be distributed as follows:

28 (a) 8.3333 percent (~~(shall)~~) must be distributed to the
29 incorporated cities and towns of the state in accordance with RCW
30 46.68.110;

31 (b) 8.3333 percent (~~(shall)~~) must be distributed to counties of the
32 state in accordance with RCW 46.68.120; and

33 (c) The remainder (~~(shall)~~) must be distributed to the
34 transportation partnership account created in RCW 46.68.290.

35 (6) The remaining net tax amount collected under (~~(RCW 82.36.025~~
36 ~~(5) and (6) and)~~) 82.38.030 (5) and (6) (~~(shall)~~) must be distributed
37 to the transportation partnership account created in RCW 46.68.290.

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

6 **Sec. 646.** RCW 82.12.0256 and 2011 1st sp.s. c 16 s 5 are each
7 amended to read as follows:

8 The provisions of this chapter (~~shall~~) do not apply in respect to
9 the use of:

10 (1) Special fuel purchased in this state upon which a refund is
11 obtained as provided in RCW 82.38.180(~~(+2)~~) (1)(b); and

12 (2) Motor vehicle and special fuel if:

13 (a) The fuel is used for the purpose of public transportation and
14 the purchaser is entitled to a refund or an exemption under RCW
15 (~~(82.36.275 or 82.38.080(3))~~) 82.38.080(1) (f) and (g) or
16 82.38.180(3)(b); or

17 (b) The fuel is purchased by a private, nonprofit transportation
18 provider certified under chapter 81.66 RCW and the purchaser is
19 entitled to a refund or an exemption under RCW (~~(82.36.285 or~~
20 ~~82.38.080(1)(h))~~) 82.38.080(1)(d) or 82.38.180(3)(a); or

21 (c) The fuel is purchased by a public transportation benefit area
22 created under chapter 36.57A RCW or a county-owned ferry or county
23 ferry district created under chapter 36.54 RCW for use in passenger-
24 only ferry vessels; or

25 (d) The fuel is taxable under chapter (~~82.36 or~~) 82.38 RCW(~~(+~~
26 ~~PROVIDED, That)~~). However, the use of motor vehicle and special fuel
27 upon which a refund of the applicable fuel tax is obtained (~~shall~~) is
28 not (~~be~~) exempt under this subsection (2)(d)(~~7~~) and the director of
29 licensing (~~shall~~) must deduct from the amount of such tax to be
30 refunded the amount of tax due under this chapter and remit the same
31 each month to the department of revenue; or

32 (e) The fuel is purchased by a county-owned ferry for use in ferry
33 vessels after June 30, 2013; or

34 (f) The fuel is purchased by the Washington state ferry system for
35 use in a state-owned ferry after June 30, 2013.

1 NEW SECTION. **Sec. 647.** RCW 82.38.800, 82.38.900, 82.38.910,
2 82.38.920, 82.38.930, 82.38.940, 82.38.941 are each decodified.

3 NEW SECTION. **Sec. 648.** Part II of this act is to be codified as
4 new sections in chapter 82.38 RCW.

5 NEW SECTION. **Sec. 649.** Part IV of this act is to be codified as
6 new sections in chapter 82.42 RCW.

7 NEW SECTION. **Sec. 650.** This act takes effect July 1, 2015.

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