
SUBSTITUTE HOUSE BILL 1254

State of Washington

68th Legislature

2023 Regular Session

By House Finance (originally sponsored by Representatives Street, Reed, and Ramel; by request of Department of Revenue)

READ FIRST TIME 02/23/23.

1 AN ACT Relating to clarifying ambiguities in statutory provisions
2 administered by the department of revenue relating to periodic
3 adjustments; and amending RCW 53.08.090, 82.12.0203, and 82.21.030.

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

5 **Sec. 1.** RCW 53.08.090 and 1994 c 26 s 1 are each amended to read
6 as follows:

7 (1) A port commission may, by resolution, authorize the managing
8 official of a port district to sell and convey port district property
9 (~~of ten thousand dollars or less in value~~) having a value not
10 exceeding the value limit in subsection (2) of this section. The
11 authority (~~shall~~) must be in force for not more than one calendar
12 year from the date of resolution and may be renewed from year to
13 year. Prior to any such sale or conveyance the managing official
14 shall itemize and list the property to be sold and make written
15 certification to the commission that the listed property is no longer
16 needed for district purposes. Any large block of the property having
17 a value in excess of (~~ten thousand dollars shall~~) the value limit
18 in subsection (2) of this section must not be broken down into
19 components (~~of ten thousand dollars or less~~) having a value not
20 exceeding the value limit in subsection (2) of this section and sold
21 in the smaller components unless the smaller components be sold by

1 public competitive bid. A port district may sell and convey any of
2 its real or personal property valued at more than (~~ten thousand~~
3 ~~dollars~~) the value limit in subsection (2) of this section when the
4 port commission has, by resolution, declared the property to be no
5 longer needed for district purposes, but no property which is a part
6 of the comprehensive plan of improvement or modification thereof
7 (~~shall~~) must be disposed of until the comprehensive plan has been
8 modified to find the property surplus to port needs. The
9 comprehensive plan (~~shall~~) must be modified only after public
10 notice and hearing provided by RCW 53.20.010.

11 Nothing in this section (~~shall be deemed to repeal or modify~~)
12 repeals or modifies procedures for property sales within industrial
13 development districts as set forth in chapter 53.25 RCW.

14 (~~The ten thousand dollar figures in subsection (1) of this~~
15 ~~section shall be adjusted annually based upon the governmental price~~
16 ~~index established by the department of revenue under RCW 82.14.200)~~

17 (a) Beginning on the effective date of this section, the value limit
18 in subsection (1) of this section is \$22,000. Beginning December
19 2024, and each December thereafter, the department shall adjust the
20 value limit for the following calendar year by multiplying the
21 current value limit by one plus the percentage by which the most
22 current consumer price index available on December 1st of the current
23 year exceeds the consumer price index for the prior 12-month period,
24 and rounding the result to the nearest \$10.

25 (b) For purposes of this subsection (2):

26 (i) "Consumer price index" means the consumer price index for all
27 urban consumers, all items less food and energy, for the Seattle area
28 as calculated by the United States bureau of labor statistics or
29 successor agency.

30 (ii) "Seattle area" means the geographic area sample that
31 includes Seattle and surrounding areas.

32 **Sec. 2.** RCW 82.12.0203 and 2017 3rd sp.s. c 28 s 108 are each
33 amended to read as follows:

34 (1) (a) The value of the article used with respect to refinery
35 fuel gas subject to tax under this chapter is the (~~most recent~~
36 monthly United States natural gas wellhead price, as published by the
37 federal energy information administration) three-year average spot
38 price of natural gas as calculated by the department.

1 (b) For the purposes of this section, "three-year average spot
2 price of natural gas" means the average of the 36 most recent monthly
3 Henry Hub natural gas spot prices, as published by the federal energy
4 information administration or successor federal agency.

5 (c) The department must calculate and publish the three-year
6 average spot price of natural gas on its website on a quarterly basis
7 by:

8 (i) March 25th of each year, for tax due under this chapter on
9 activities occurring April 1st through June 30th of that year;

10 (ii) June 25th of each year, for tax due under this chapter on
11 activities occurring July 1st through September 30th of that year;

12 (iii) September 25th of each year, for tax due under this chapter
13 on activities occurring October 1st through December 31st of that
14 year; and

15 (iv) December 25th of each year, for tax due under this chapter
16 on activities occurring January 1st through March 31st of the
17 following year.

18 (d) If the federal energy information administration or successor
19 federal agency no longer publishes the Henry Hub natural gas spot
20 price:

21 (i) The department must notify the appropriate fiscal committees
22 of the legislature that the Henry Hub natural gas spot price is no
23 longer being published by the federal government. This notification
24 must occur before the beginning of the next regular legislative
25 session following the department becoming aware that the federal
26 energy information administration or successor federal agency no
27 longer publishes the Henry Hub natural gas spot price.

28 (ii) Until such time as a replacement valuation standard is
29 enacted into law, the value of the article used with respect to
30 refinery fuel gas subject to tax under this chapter is the most
31 recent three-year average spot price of natural gas published by the
32 department on its website.

33 (2) In lieu of the use tax rate provided in RCW 82.12.020,
34 refinery fuel gas is subject to a rate of:

35 (a) 0.963 percent from January 1, 2018, through December 31,
36 2018;

37 (b) 1.926 percent from January 1, 2019, through December 31,
38 2019;

39 (c) 2.889 percent from January 1, 2020, through December 31,
40 2020; and

1 (d) 3.852 percent from January 1, 2021, and thereafter.

2 (3) The use of fuel by the extractor or manufacturer thereof when
3 used directly in the operation of the particular extractive operation
4 or manufacturing plant that produced or manufactured the same is not
5 subject to local use tax.

6 **Sec. 3.** RCW 82.21.030 and 2022 c 182 s 313 are each amended to
7 read as follows:

8 (1)(a) A tax is imposed on the privilege of possession of
9 hazardous substances in this state. Except as provided in (b) of this
10 subsection, the rate of the tax is seven-tenths of one percent
11 multiplied by the wholesale value of the substance. Moneys collected
12 under this subsection (1)(a) must be deposited in the model toxics
13 control capital account.

14 (b) (~~Beginning~~) For the fiscal year beginning July 1, 2019, the
15 rate of the tax on petroleum products is ((one dollar and nine
16 cents)) \$1.09 per barrel. For subsequent fiscal years, the rate of
17 tax on petroleum products is determined pursuant to subsection (3) of
18 this section. The tax collected under this subsection (1)(b) on
19 petroleum products must be deposited as follows, after first
20 depositing the tax as provided in (c) of this subsection, except that
21 during the 2021-2023 biennium the deposit as provided in (c) of this
22 subsection may be prorated equally across each month of the biennium:

23 (i) Sixty percent to the model toxics control operating account
24 created under RCW 70A.305.180;

25 (ii) Twenty-five percent to the model toxics control capital
26 account created under RCW 70A.305.190; and

27 (iii) Fifteen percent to the model toxics control stormwater
28 account created under RCW 70A.305.200.

29 (c) Until the beginning of the ensuing biennium after the
30 enactment of an additive transportation funding act, \$50,000,000 per
31 biennium to the motor vehicle fund to be used exclusively for
32 transportation stormwater activities and projects. For purposes of
33 this subsection, "additive transportation funding act" means an act
34 enacted after June 30, 2023, in which the combined total of new
35 revenues deposited into the motor vehicle fund and the multimodal
36 transportation account exceed \$2,000,000,000 per biennium
37 attributable solely to an increase in revenue from the enactment of
38 the act.

1 (d) The department must compile a list of petroleum products that
2 are not easily measured on a per barrel basis. Petroleum products
3 identified on the list are subject to the rate under (a) of this
4 subsection in lieu of the volumetric rate under (b) of this
5 subsection. The list will be made in a form and manner prescribed by
6 the department and must be made available on the department's
7 internet website. In compiling the list, the department may accept
8 technical assistance from persons that sell, market, or distribute
9 petroleum products and consider any other resource the department
10 finds useful in compiling the list.

11 (2) Chapter 82.32 RCW applies to the tax imposed in this chapter.
12 The tax due dates, reporting periods, and return requirements
13 applicable to chapter 82.04 RCW apply equally to the tax imposed in
14 this chapter.

15 (3) (~~Beginning~~) For fiscal years beginning on or after July 1,
16 2020, ((and every July 1st thereafter,)) the rate ((specified in
17 subsection (1)(b) of this section)) of tax on petroleum products for
18 the previous fiscal year must be adjusted to reflect the percentage
19 change in the implicit price deflator for nonresidential structures
20 as published by the United States department of commerce, bureau of
21 economic analysis for the most recent 12-month period ending December
22 31st of the prior year.

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