

Initiative Measure No. 1508

Filed May 4, 2022

BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: I-4518.1/22

ATTY/TYPIST: CL: jlb

BRIEF DESCRIPTION:

Initiative Measure No. 1508

Filed May 4, 2022

AN ACT Relating to reducing the cumulative tax rate upon fuel licensees to half the amount that is imposed in 2022; amending RCW 82.38.030; and creating new sections.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec. 1.** It is the intent of the people of Washington to reduce by half the burdensome 49.4 cent per gallon tax imposed on fuel.

Sec. 2. RCW 82.38.030 and 2015 3rd sp.s. c 44 s 103 are each amended to read as follows:

(1) There is levied and imposed upon fuel licensees a tax at the rate of (~~(twenty-three)~~) 19.7 cents per gallon of fuel.

(2) Beginning July 1, 2003, an additional and cumulative tax rate of five cents per gallon of fuel is imposed on fuel licensees.

This subsection (2) expires when the bonds issued for transportation 2003 projects are retired.

~~(3) ((Beginning July 1, 2005, an additional and cumulative tax rate of three cents per gallon of fuel is imposed on fuel licensees.~~

~~(4) Beginning July 1, 2006, an additional and cumulative tax rate of three cents per gallon of fuel is imposed on fuel licensees.~~

~~(5) Beginning July 1, 2007, an additional and cumulative tax rate of two cents per gallon of fuel is imposed on fuel licensees.~~

~~(6) Beginning July 1, 2008, an additional and cumulative tax rate of one and one-half cents per gallon of fuel is imposed on fuel licensees.~~

~~(7) Beginning August 1, 2015, an additional and cumulative tax rate of seven cents per gallon of fuel is imposed on fuel licensees.~~

~~(8) Beginning July 1, 2016, an additional and cumulative tax rate of four and nine-tenths cents per gallon of fuel is imposed on fuel licensees.~~

~~(9))~~ Taxes are imposed when:

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

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

(i) The removal is by bulk transfer and the refiner or the owner of the fuel immediately before the removal is not a licensed supplier; or

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

(c) Fuel enters into this state for sale, consumption, use, or storage, unless the fuel enters this state for direct delivery to an

international fuel tax agreement licensee under RCW 82.38.320, if either of the following applies:

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

(ii) The entry is not by bulk transfer;

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

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

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

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

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

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

(j) Fuel is sold by a licensed fuel supplier to a fuel distributor or fuel blender and the fuel is not removed from the bulk transfer-terminal system.

NEW SECTION. **Sec. 3.** The department of revenue, in consultation with the office of the state treasurer and the office of financial management, shall provide recommendations, in the form of draft legislation, to resolve any unintended consequences caused by the changes under this act to the appropriate committees of the legislature by October 15, 2023.

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