

# SENATE BILL REPORT

## HB 2285

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As Reported By Senate Committee On:  
Transportation, February 25, 2002

**Title:** An act relating to dyed special fuel.

**Brief Description:** Modifying fuel tax provisions.

**Sponsors:** Representatives Fisher, Hatfield, Mitchell and Haigh; by request of Department of Licensing.

**Brief History:**

**Committee Activity:** Transportation: 2/21/02, 2/25/02 [DP].

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### SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass.

Signed by Senators Haugen, Chair; Gardner, Vice Chair; Eide, Jacobsen, Johnson, Keiser, McAuliffe, Oke and Shin.

**Staff:** Chris Reykdal (786-7321)

**Background:** Dyed special fuel is exempt from the special fuel tax (currently 23 cents per gallon). A person may not operate a vehicle on a public road in this state with dyed special fuel in the vehicle's fuel supply tank, unless the use is authorized by the federal Internal Revenue Code.

The penalty for using dyed special fuel to operate a vehicle upon the highways of the state is \$10 for each gallon of dyed special fuel placed into the vehicle's supply tank or \$1,000, whichever is greater. The penalties apply only to the user of the dyed special fuel, not to the distributors or sellers.

**Summary of Bill:** The application of current law to persons who use dyed special fuel unlawfully is clarified. Penalties are extended to persons who intentionally sell dyed special fuel for unlawful use.

The definition of tax "evasion" is expanded to include omissions of fact and the unlawful use of dyed special fuel. Dyed special fuel is subject to tax if held for sale, sold, used or intended to be used in violation of the law. Persons engaging in the unauthorized use of dyed special fuel are subject to all presumptions, reporting and record keeping requirements of the law. The civil penalty for unlawful use of dyed fuel attaches to persons for "having fuel in the tank" rather than "using fuel for propulsion." A person who stores dyed special fuel in bulk for intended sale or use in violation of the chapter is subject to a penalty of \$10 per gallon or \$1000, whichever is greater.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill will strengthen the Department of Licensing's ability collect fuel taxes on dyed diesel that is used on the highways.

**Testimony Against:** None.

**Testified:** PRO: Jeff Beach, Department of Licensing.