

## Repeal B&O tax deduction for federal tax on motor fuel

**Description** This proposal would amend RCW 82.04.4285 to eliminate the business and occupation (B&O) tax deduction for taxes paid to the federal government on the sale of motor fuel.

**Current law** Sales of fuel to consumers are subject to the retailing classification of the B&O tax. Wholesale sales are subject to the wholesaling B&O tax. In computing the tax, current law provides a B&O tax deduction from gross sales for:

- State motor vehicle fuel tax paid under chapters 82.36 & 82.38 RCW; and
- Federal motor vehicle fuel tax paid.

**Fiscal Impact** General Fund Impacts (\$ millions):

# of Impacted Taxpayers	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019
1,950	\$ -	\$ 2.4	\$ 2.4	\$ 2.8	\$ 2.9

Notes:

- Estimates assume a July 1, 2016 effective date, representing 11 months of collections for FY 2017.
- Estimates reflect the November 2015 Economic & Revenue Forecast Council revenue forecast.

**Expenditure Impact**

FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
\$ 3,300	\$ 15,100	\$ 18,400	\$ -	\$ -	\$ -