

Hazardous Substance Tax

RCW Chapter 82.21

Tax Base The first possession in Washington of petroleum products, pesticides, and certain chemicals that the Department of Ecology determines to present a threat to human health or the environment if released into the environment.

Taxable products include:

- Petroleum products.
- Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) listed substances.
- Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) registered pesticides.

The tax base for petroleum products is the volume in barrels.

For non-petroleum products and petroleum products not easily measured on a per-barrel basis, the tax base is the wholesale value.

Examples of products taxed on a per-barrel basis:

- Gasoline.
- Aviation fuel.
- Kerosene.
- Diesel fuel.
- Lubricating oil.

Examples of products not taxed on a per-barrel basis:

- Ethane.
- Propane.
- Butane.
- Petroleum coke.

Tax exemptions may reduce these taxes.

For more information, refer to the [Tax Exemption Study](#).

Tax Rate \$1.20 per barrel¹ from July 1, 2022, through June 30, 2023, or 0.7% of the wholesale value.

¹The department adjusts the per barrel rate for inflation on July 1 of each year.

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Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$249,284	-3.3%	0.8%
2020	\$257,827	70.2%	1.0%
2019	\$151,513	6.8%	0.6%
2018	\$141,897	14.8%	0.6%
2017	\$123,638	9.2%	0.6%
2016	\$113,225	-26.2%	0.6%
2015	\$153,496	-21.3%	0.8%
2014	\$195,011	-1.7%	1.1%
2013	\$198,464	0.4%	1.2%
2012	\$197,604	12.6%	1.2%

Distribution of Receipts

The Motor Vehicle Fund for transportation stormwater activities and projects receives the first \$50 million of these taxes each biennium. During the 2021-23 biennium, the Motor Vehicle Fund received the \$50 million equally across each month.

These accounts receive the rest of the per barrel receipts as follows:

- 60% to the Model Toxics Control Operating Account (RCW 70A.305.180).
- 25% to the Model Toxics Control Capital Account (RCW 70A.305.190).
- 15% to the Model Toxics Control Stormwater Account (RCW 70A.305.200).

The Model Toxics Control Capital Account receives the wholesale value taxes.

Levied by

State

Administration

Department of Revenue

History

- 2021 The timing of the \$50 million 2021-2023 biennium transfer to the Motor Vehicle Fund changed to monthly transfers for the duration of the biennium, instead of at the beginning of the biennium.
- 2019 Beginning July 1, 2019, the calculation of the hazardous substance tax on petroleum products changed from a value-based rate to a volume-based rate of \$1.09 per barrel. Beginning July 1, 2020, the department adjusts the rate annually.

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- 2015 Added a hazardous substance tax exemption for possession of agricultural crop protection products warehoused, but not otherwise used or sold in Washington.
 - 2013 Created the Environmental Legacy Stewardship Account and adjusted the distribution of funds between the State Toxics, Local Toxics, and Environmental Legacy Stewardship accounts.
 - 2002 Updated references to taxable hazardous substance products to those defined in federal law.
 - 1989 The hazardous substance tax became effective March 1 at a rate of 0.7% of the wholesale value of the product.
 - 1988 Voters passed Initiative 97 establishing a tax on the possession of hazardous substances in Washington. The tax replaced a similar hazardous substance tax established January 1, 1988.
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