

# Fuel Tax

**RCW** Chapters 82.38, 82.47, 70.149, & 46.68

**Tax Base** Tax is applied to each gallon of fuel that is imported, produced, or delivered from a "terminal rack<sup>1</sup>" in the state.

Fuel includes motor vehicle fuel and special fuel:

- Motor vehicle fuel includes gasoline and other inflammable gases or liquids that are used to propel motor vehicles or boats.
- Special fuel includes all combustible gases and liquids used to propel motor vehicles such as diesel, biodiesel, natural gas, propane and butane.

Tax exemptions may reduce the tax liability for this tax base. For more information, refer to the [Tax Exemption Study](#).

<sup>1</sup> A terminal rack is the point where the fuel from a refinery, terminal or pipeline is delivered into tanker trucks or rail cars for distribution to a retailer or bulk consumer.

**Tax Rate** Fuel taxes may be levied at the state, local, and federal level.

State Taxes:

**State fuel tax per gallon:**

49.4 cents per gallon

**Alternative fee for natural gas and propane:**

License fee in lieu of fuel tax based on the following schedule and formula:

Vehicle Tonnage (GVW)	Fee
0 – 6,000	\$45
6,001 - 10,000	\$45
10,001 – 18,000	\$80
18,001 – 28,000	\$110
28,001 – 36,000	\$150
36,001 and above	\$250

Vehicle tonnage fee from the fee schedule is multiplied by the fuel tax rate effective July 1 of the preceding calendar year, then divided by 12 cents, plus a \$5 handling fee.

**Addition fees and taxes for heating oil:**

- Pollution liability insurance fee of 1.2 cents per gallon (RCW 70.149.080)<sup>2</sup>
- Subject to retail sales tax when purchased by consumers

<sup>2</sup>Pollution liability insurance fee scheduled to expire on July 1, 2030.

# Fuel Tax

Local Taxes:

<b>County/Regional Transportation Investment District fuel tax per gallon:</b>
Counties and RTID’s may levy a fuel tax equal to 4.94 cents (10 percent of the state rate).
<b>Border Area Jurisdiction fuel tax per gallon</b>
Border area jurisdictions <sup>3</sup> may levy a fuel tax with a maximum rate of 1 cent per gallon.

<sup>3</sup>All cities and towns within 10 miles of an international border crossing and transportation benefit districts with an international border crossing within its boundaries.

All state and local fuel taxes are in addition to the following federal fuel taxes:

- 18.4 cents per gallon of motor vehicle fuel or gasohol
- 24.4 cents per gallon of diesel or kerosene
- 13.6 cents per gallon of liquefied petroleum gas, commonly called propane
- 11.9 cents per gallon of liquefied natural gas
- 4.3 cents per gallon of compressed natural gas

Recent Collections (\$000)

Fiscal Year	Tax Rate (cents per gallon)	Collections <sup>4</sup>	% Change	% of All State Taxes
2018	49.4	\$1,800,547	4.1%	8.5%
2017	49.4	\$1,729,806	15.2%	9.0%
2016	44.5	\$1,502,071	17.1%	8.3%
2015	37.5	\$1,282,378	1.4%	7.6%
2014	37.5	\$1,264,797	1.8%	7.9%
2013	37.5	\$1,242,422	0.1%	8.1%
2012	37.5	\$1,240,920	-1.2%	8.6%
2011	37.5	\$1,256,212	1.6%	8.8%
2010	37.5	\$1,236,055	-0.6%	9.2%
2009	37.5	\$1,243,303	0.2%	8.1%

<sup>4</sup>Gross tax collections, based on month of distribution.  
Source: Washington State Department of Licensing

# Fuel Tax

**Distribution of Receipts**

Receipts from the state portion of the fuel tax are distributed as follows:

<b>23 cents of the 49.4 cent tax (less refunds and admin. expenses):</b>	
44.387%	Motor Vehicle Fund for state highway purposes
3.2609%	Special Category C Account for projects that require bond financing
2.3283%	Puget Sound Ferry Operations
2.3726%	Puget Sound Ferry Capital Construction Account
13.2336%	Transportation Improvement Account for Projects
10.6961%	Distribution to Cities and Towns
19.2287%	Distribution to Counties
1.9565%	County Arterial Preservation Account
2.5363%	Rural Arterial Trust Account
<b>11.9 cents of the 49.4 cent tax (from 2015 and 2016 rate increases):</b>	
100%	Connecting Washington Account, use per RCW 46.68.395
<b>3.5 cents of the 49.4 cent tax (from 2007 and 2008 rate increases):</b>	
100%	Transportation Partnership Account, use per RCW 46.68.290
<b>6 cents of the 49.4 cent tax (from 2005 and 2006 rate increases):</b>	
8.3333%	Cities and Towns, for use per RCW 46.68.110
8.3333%	Counties, for use per RCW 46.68.120
83.3334%	Transportation Partnership Account, use per RCW 46.68.290
<b>5 cents of the 49.4 cent tax (from 2003 rate increase):</b>	
100%	Dedicated to bond retirement for the transportation projects authorized in 2003

Receipts from local fuel tax are distributed as follows:

- No county or RTID has adopted a local fuel tax.
- Receipts from border area jurisdictions are collected by and paid to the levying jurisdiction.

Receipts from the heating oil insurance fee are deposited into the Heating Oil Pollution Liability Trust Account.

**Levied by**

State, counties, Regional Transportation Investment Districts, and border area jurisdictions.

**Administration**

Department of Licensing administers state portion of tax.  
 Department of Revenue administers local tax levied by counties.

## Fuel Tax

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Cities and border area jurisdictions administer tax where applicable.

- Currently, tax has been imposed by the cities of Blaine, Sumas, and Nooksack and the Point Roberts transit district.

Fuel tax is passed on to retailers and is included in the pump price paid by consumers. Suppliers, importers, blenders, and licensed exporters of motor vehicle fuel must file a monthly report indicating the number of gallons of fuel produced, removed from terminal facilities, imported into the state, or exported from Washington by licensed exporters.

- The report and payment of the state portion of the tax is due by the 25th of the month immediately following the reporting period.
- If the amount of tax due equals \$50,000 or more, payment must be made by electronic funds transfer which is due by the 26th day of the following month.

Dyed special fuel is subject to retail sales tax instead of the fuel tax as it is intended for off-road use only. Retail sales tax is paid by the consumer and remitted to the Department of Revenue by the retail vendor.

The heating oil insurance fee is remitted by heating oil distributors annually.

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### History

- 2015 Connecting Washington Transportation Act is passed by the State Legislature. State fuel tax rate increase of 7 cents per gallon in FY 2016 and an additional 4.9 cents per gallon in FY 2017.
- 2013 Chapter 82.36 RCW repealed effective July 1, 2016. Statutes merged with Chapter 82.38 RCW as of that date.
- 2006 Legislation transferred responsibility for administration of a local gas tax imposed by an RTID from the Department of Revenue to the Department of Licensing. Insurance fee on heating oil extended for six years. Was set to expire June 1, 2013. Currently, set to expire July 1, 2020.
- 2005 The Transportation Partnership Act is passed by the State Legislature. Phase in increase in state motor vehicle and special fuel tax rates of 7 cents per gallon.
- 2004 Insurance fee on heating oil increased from 0.6 cents to 1.2 cents.
- 2003 Legislation granted counties that are included in a RTID, or the RTID itself, to levy a local fuel tax equal to 10 percent of the state tax rate. Responsibility for administration was transferred from the

## Fuel Tax

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Department of Licensing to the Department of Revenue. The Nickel Transportation Package passed by the State Legislature. Increase in the state motor vehicle and special fuel tax rates of 5 cents per gallon.

- 2000 Heating oil insurance fee extended for six years.
  - 1998 The burden of reporting motor vehicle fuel tax shifted from the distributors to the owner of the fuel at the time it was initially delivered from a refinery or terminal facility in the state.
  - 1991 Border jurisdiction areas authorized to enact a 1 cent per gallon motor vehicle fuel tax.
  - 1990 County fuel taxes authorized by Legislature.
  - 1983 The fluctuating fuel tax rate was repealed.
  - 1978 The fuel tax rate fluctuated according to the average price of fuel and highway budgetary needs. Initially, the rate could change between 9 and 12 cents, then from 12 to 16 cents.
  - 1971 The special fuel tax statute was adopted with a rate of 9 cents per gallon; subsequent rate changes are consistent with the changes to the motor vehicle fuel tax.
  - 1947 Repealed the additional tax of one-quarter cent per gallon on fuel oil.
  - 1944 The 18th amendment to the state constitution approved by the voters. It requires that fuel tax revenues must be used for highway purposes.
  - 1941 A separate "use" fuel tax established which levied a 5 cent per gallon tax on diesel fuel.
  - 1935 Added an additional tax of one-quarter cent per gallon on fuel oil.
  - 1933 Refunds for off-highway use were established.
  - 1921 The motor vehicle fuel tax was enacted. Motor vehicle tax also applied to special fuels.
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