

SPECIAL NOTICE

April 2004

For further information contact:
Unclaimed Property Section
1-800-435-2429 or (360) 586-2736

Alternate Formats (360) 486-2342
Teletype 1-800-451-7985

Petroleum Products Tax Suspended

The petroleum products tax will no longer be collected beginning July 1, 2004.

What is the petroleum products tax?

The petroleum products tax (PPT) was enacted by the Legislature in 1989 to finance a state pollution liability insurance program. The program provides an affordable insurance program to owners and operators of underground petroleum storage tanks and heating oil tanks. PPT revenues are dedicated to a trust account that funds the insurance program.

Who must pay the PPT?

The PPT is imposed on the first possessor of petroleum products (as defined in Chapter 82.23A RCW) when the first possession occurred between July 1, 2003, and June 30, 2004. As of July 1, 2004, collection of the PPT will be suspended.

Why is collection of the PPT being suspended?

The law provides that the PPT will not be imposed if the balance in the trust account is more than \$15 million. Additionally, the PPT will be re-imposed if the trust account balance dips below 7.5 million.

At the end of the first quarter of 2003, the trust account balance dipped below \$7.5 million, causing the PPT to be re-imposed on July 1, 2003. In XXX 2004, the account balance surpassed \$15 million. Therefore, according to statute, collection of the PPT will be suspended as of July 1, 2004. Line 54 on the tax return will be shaded to reflect the suspension, beginning with the July and Quarter 3, 2004, tax returns.

Downstream purchases of PPT

After the PPT is suspended, subsequent purchases of petroleum products upon which PPT was paid may reflect a line item for PPT on the sales invoice. Such a listing should not be interpreted as an imposition of the tax. The vendor is merely listing various components that are part of the price of the petroleum products being sold. One such component is the PPT paid by the first possessor prior to July 1, 2004. Any downstream purchaser who feels that the PPT is listed on an invoice in error should contact the seller to determine when first possession occurred in Washington.



Definition of “Petroleum Product” Amended

The 2004 Legislature passed a bill that changed the definition of “petroleum product.”

Effective June 10, 2004, Senate Bill 6286 (Chapter __, Laws of 2004) amends the definition of petroleum product as provided in RCW 82.23A.010(1) to no longer include “liquified or liquefiable gases such as butane, ethane and propane.” The amended law specifies that the term “petroleum product” does not include crude oil or liquefiable gases.

For more information, contact our Telephone Information Center at 1-800-647-7706.

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