

CHAPTER 79.

[House Bill No. 265.]

MOTOR VEHICLE FUEL TAX.

AN ACT relating to the motor vehicle fuel tax; amending sections 82.36.010, 82.36.070, 82.36.090, 82.36.150, 82.36.180, 82.36.200, 82.36.230, 82.36.235, 82.36.260, 82.36.305, 82.36.310, 82.36.330 and 82.36.370, chapter 15, Laws of 1961 and RCW 82.36.010, 82.36.070, 82.36.090, 82.36.150, 82.36.180, 82.36.200, 82.36.230, 82.36.235, 82.36.260, 82.36.305, 82.36.310, 82.36.330 and 82.36.370; amending sections 82.36.020, chapter 15, Laws of 1961 as last amended by section 1, chapter 113, Laws of 1963 and RCW 82.36.020; amending section 82.36.210, chapter 15, Laws of 1961 as amended by section 30, chapter 21, Laws of 1961 first extraordinary session and RCW 82.36.210; and adding one new section to chapter 15, Laws of 1961 and chapter 82.36 RCW.

Be it enacted by the Legislature of the State of Washington:

RCW 82.36.010
amended.

SECTION 1. Section 82.36.010, chapter 15, Laws of 1961 and RCW 82.36.010 are each amended to read as follows:

Motor vehicle
fuel tax.
Definitions.

For the purposes of this chapter:

(1) "Motor vehicle" means every vehicle which is in itself a self-propelled unit, equipped with solid rubber, hollow-cushion rubber or pneumatic rubber tires and capable of being moved or operated upon a public highway, except motor vehicles used as motive power for or in conjunction with farm implements and machines or implements of husbandry;

(2) "Motor vehicle fuel" means gasoline or any other inflammable liquid, by whatsoever name such liquid may be known or sold, the chief use of which is as fuel for the propulsion of motor vehicles, motorboats, or airplanes: *Provided*, That the term "motor vehicle fuel" shall not include products specifically prepared and sold, as determined by the director, for use in turbo prop or jet type aircraft engines;

(3) "Distributor" means every person who refines, manufactures, produces, or compounds motor vehicle fuel and sells, distributes, or in any manner uses it in this state; also every person engaged in business as a bona fide wholesale merchant dealing in motor vehicle fuel who either acquires it within the state from any person refining it within or importing it into the state, on which the tax has not been paid, or imports it into this state and sells, distributes, or in any manner uses it in this state;

(4) "Service station" means a place operated for the purpose of delivering motor vehicle fuel into the fuel tanks of motor vehicles;

(5) "Department" means the department of licenses;

(6) "Director" means the director of licenses;

(7) "Dealer" means any person engaged in the retail sale of liquid motor vehicle fuels;

(8) "Person" means every natural person, firm, partnership, association, or private or public corporation;

(9) "Highway" means every way or place open to the use of the public, as a matter of right, for purposes of vehicular travel;

(10) "Broker" means every person, other than a distributor, engaged in business as a broker, jobber, or wholesale merchant dealing in motor vehicle fuel or other petroleum products used or usable in propelling motor vehicles, or in other petroleum products which may be used in blending, compounding, or manufacturing of motor vehicle fuel;

(11) "Producer" means every person, other than a distributor, engaged in the business of producing motor vehicle fuel or other petroleum products used in, or which may be used in, the blending,

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compounding, or manufacturing of motor vehicle fuel;

(12) "Distribution" means all withdrawals of motor vehicle fuel for delivery to others, to retail service stations, or to unlicensed bulk storage plants;

(13) "Bulk storage plant" means, pursuant to the licensing provisions of section 3 of this amendatory act, any plant, under the control of the distributor, used for the storage of motor vehicle fuel to which no retail outlets are directly connected by pipe lines.

RCW 82.36.020 amended.

SEC. 2. Section 82.36.020, chapter 15, Laws of 1961 as last amended by section 1, chapter 113, Laws of 1963, and RCW 82.36.020 are each amended to read as follows:

Tax imposed—Rate—Allocation of proceeds.

Every distributor shall pay, in addition to any other taxes provided by law, an excise tax to the director of seven and one-half cents for each gallon of motor vehicle fuel sold, distributed, or used by him in the state as well as on each gallon upon which he has assumed liability for payment of the tax under the provisions of RCW 82.36.100: *Provided*, That under such regulations as the director may prescribe sales or distribution of motor vehicle fuel may be made by one licensed distributor to another licensed distributor free of the tax. In the computation of the tax, one-quarter of one percent of the net gallonage otherwise taxable shall be deducted by the distributor before computing the tax due, on account of the losses sustained through handling. The tax herein imposed shall be collected and paid to the state but once in respect to any motor vehicle fuel. An invoice shall be rendered by a distributor to a purchaser for each distribution of motor vehicle fuel. The proceeds of the net gallonage remaining after deduction of one-quarter of one percent as herein provided shall be distributed as follows: Of the

seven and one-half cents collected as herein provided, six and one-half cents shall be distributed between the state, cities and counties under the provisions of RCW 46.68.090 and 46.68.100, and one-quarter cent shall be distributed to the state and expended pursuant to RCW 46.68.130, one-quarter cent shall be paid into the motor vehicle fund and credited to the Puget Sound reserve account created by RCW 47.60.350, and one-half cent shall be distributed to the cities and towns directly and allocated between them as provided by RCW 46.68.110: *Provided*, That the funds allocated to a city or town which are attributable to such one-half cent of the additional tax imposed by this 1961 amendatory act shall be matched twenty-five percent by such city or town and seventy-five percent from the proceeds of such one-half cent of additional tax: *And provided further*, That the proceeds of such one-half cent of additional tax and the matching funds provided by such city or town shall be used exclusively for the construction, improvement and repair of arterial highways as that term is defined in RCW 46.04.030, or for the payment of any municipal indebtedness which may be incurred after June 12, 1963 in the construction, improvement and repair of arterial highways as that term is defined in RCW 46.04.030. All such sums shall first be subject to proper deductions for refunds and costs of collection as provided in RCW 46.68.090.

SEC. 3. Section 82.36.070, chapter 15, Laws of 1961 and RCW 82.36.070 are each amended to read as follows:

RCW 82.36.070 amended.

The application in proper form having been accepted for filing, the filing fee paid, and the bond or other security having been accepted and approved, the director shall issue to the applicant a license to transact business as a distributor in

Issuance of license—
Display—Bulk plant licenses, continuing.

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Issuance of
license—
Display—Bulk
plant licenses,
continuing.

the state, and such license shall be valid until canceled or revoked.

The license so issued by the director shall not be assignable, and shall be valid only for the distributor in whose name issued.

The director shall keep and file all applications and bonds with an alphabetical index thereof, together with a record of all licensed distributors.

Each distributor shall be assigned a license number upon qualifying for a license hereunder, and the director shall issue to each such licensee a license certificate which shall be displayed conspicuously by the distributor at his principal place of business in this state. The director shall also issue separate license cards for each bulk storage plant operated by such distributor. Such license cards shall indicate the number so assigned the distributor, the location of the storage plant for which the card is used, and such other information as the director may prescribe. The license card shall be conspicuously displayed at each bulk storage plant to which it is assigned, and it shall be unlawful for any distributor to operate or maintain a bulk storage plant in this state for the purpose of storing motor fuel without displaying such license card as herein provided. Bulk plant licenses shall be continuing until canceled or revoked. The distributor shall report on forms prescribed by the director any change in the number or capacity of bulk storage plants operated or maintained at the time such change occurs.

In the event an application for a license to transact business as a distributor is filed by any person whose license has heretofore been canceled for cause by the director, or if the director is of the opinion that the application is not filed in good faith, or that the application is filed by some person as a subterfuge for the real person in interest

whose license has heretofore been canceled for cause, the director, after a hearing, of which the applicant shall be given five days' notice in writing and at which the applicant may appear in person or by counsel and present testimony, may refuse to issue such a person a license to transact business as a distributor.

SEC. 4. Section 82.36.090, chapter 15, Laws of 1961 and RCW 82.36.090 are each amended to read as follows:

RCW 82.36.090 amended.

Whenever a distributor ceases to engage in business as a distributor within the state by reason of the discontinuance, sale, or transfer of his business, he shall notify the director in writing at the time the discontinuance, sale, or transfer takes effect. Such notice shall give the date of discontinuance, and, in the event of a sale or transfer of the business, the date thereof and the name and address of the purchaser or transferee thereof. All taxes, penalties, and interest under this chapter, not yet due and payable, shall become due and payable concurrently with such discontinuance, sale, or transfer, and any such distributor shall make a report and pay all such taxes, interest, and penalties, and surrender to the director the license certificate theretofore issued to him.

Discontinuance or transfer of business—
Notice—
Overpayments as refund or credit.

If an overpayment of tax was made by the distributor, prior to the discontinuance or transfer of his business, such overpayment may be refunded to such distributor or may be credited to the transferee of such business if such transferee qualifies as a distributor under the provisions of this chapter.

Unless the notice above provided for is given to the director, the purchaser or transferee shall be liable to the state for the amount of all taxes, penalties, and interest under this chapter accrued against any distributor so selling or transferring

his business, on the date of the sale or transfer, but only to the extent of the value of the property and business thereby acquired from such distributor.

RCW 82.36.150
amended.

SEC. 5. Section 82.36.150, chapter 15, Laws of 1961 and RCW 82.36.150 are each amended to read as follows:

Motor vehicle
fuel tax.
Records to be
kept by
distributors
and producers.

Every distributor shall keep a true and accurate record on such form as the director may prescribe of all stock of petroleum products on hand, of all raw gasoline, gasoline stock, diesel oil, kerosene, kerosene distillates, casing-head gasoline and other petroleum products needed in, or which may be used in, compounding, blending, or manufacturing motor vehicle fuel; of the amount of crude oil refined, the gravity thereof and the yield therefrom, as well as of such other matters relating to transactions in petroleum products as the director may require. Every distributor shall take a physical inventory of the petroleum products at least once during each calendar month and have the record of such inventory and of the other matters mentioned in this section available at all times for the inspection of the director. Upon demand of the director every distributor shall furnish a statement under oath as to the contents of any records to be kept hereunder.

Every producer shall keep a true and accurate record in such form as may be prescribed by the director of all manufacture and distribution of casing-head gasoline, kerosene distillates and other petroleum products used in, or which may be used in, the blending, compounding, or manufacturing of motor vehicle fuel, and every broker shall likewise keep a true and accurate record of all purchases of such petroleum products in such manner as to disclose the vendor, the quantity purchased, the correct description of the commodity, and the means of transportation from such broker to the

vendee. All records required by this section shall be available at all times for the inspection of the director or his representative who may require a statement under oath as to contents thereof.

SEC. 6. Section 82.36.180, chapter 15, Laws of 1961 and RCW 82.36.180 are each amended to read as follows:

RCW 82.36.180 amended.

The director, or his duly authorized agents, may make such examinations of the records, stocks, facilities, and equipment of distributors, producers, brokers, and service stations, and such other investigations as he may deem necessary in carrying out the provisions of this chapter. If such examinations or investigations disclose that any reports of distributors of motor vehicle fuel theretofore filed with the director pursuant to the requirements of this chapter have shown incorrectly the gallonage of motor vehicle fuel distributed or the tax accruing thereon, the director may make such changes in subsequent reports and payments of such distributors as he may deem necessary to correct the errors disclosed.

Examinations and investigations — Procedure when records out of state.

Every such distributor or such other person not maintaining records in this state so that an audit of such records may be made by the director or his duly authorized representative shall be required to make the necessary records available to the director at his request and at his designated office within this state; or, in lieu thereof, shall agree to pay as reimbursement to the director or his duly appointed representative subsistence and travel allowance at the rates prescribed by statute of this state to proceed to any out-of-state office at which the records are prepared and maintained to make such examination.

SEC. 7. Section 82.36.200, chapter 15, Laws of 1961 and RCW 82.36.200 are each amended to read as follows:

RCW 82.36.200 amended.

Motor vehicle
fuel tax.
Examinations
during
business hours
of stock,
equipment and
facilities.

The director or his authorized agents may at any time during normal business hours examine the records, stocks, facilities and equipment of any person engaged in the transportation of motor vehicle fuel within the state of Washington for the purpose of checking shipments or use of motor vehicle fuel, detecting diversions thereof or evasion of taxes on same in enforcing the provisions of this chapter.

RCW 82.36.210
amended.

SEC. 8. Section 82.36.210, chapter 15, Laws of 1961 as amended by section 30, chapter 21, Laws of 1961 first extraordinary session and RCW 82.36.210 are each amended to read as follows:

Haulers to
have invoice or
bill of sale—
Produce for
inspection.

Every person operating any conveyance for the purpose of hauling, transporting or delivering motor vehicle fuel in bulk to points in this state from any point without this state, shall before entering upon the public highways of this state with such conveyance, have and possess during the entire time they are hauling motor vehicle fuel, an invoice, bill of sale, or other statement showing the true name and address of the seller or consignor, the name of the purchaser or consignee, if any, and the number of gallons. The person hauling such motor vehicle fuel shall at the request of any sheriff, deputy sheriff, constable, highway patrolman, or authorized representative of the department, or other person authorized by law to inquire into, or investigate said matters, produce and offer for inspection such invoice, bill of sale, or other statement and shall permit such official to inspect and gauge the contents of the vehicle. If the hauler fails to produce the invoice, bill of sale, or other statement, or if when produced it fails to disclose the aforesaid information, the officer or other person authorized to make inquiry, shall take and impound the motor vehicle fuel together with the conveying equipment until the tax on the motor

vehicle fuel, together with penalty equal to one hundred percent of the tax, and other expenses, charges, and costs have been paid. In case of default, and the taking and impounding herein provided for, the tax, damages, and costs shall be collected, even though the full excise tax may have already been paid on the motor vehicle fuel. In case the tax, damages and other charges are not paid within forty-eight hours after the taking of said property, the director may proceed to sell it in the mode and manner provided by law for the sale of personal property under execution.

SEC. 9. Section 82.36.230, chapter 15, Laws of 1961 and RCW 82.36.230 are each amended to read as follows:

RCW 82.36.230 amended.

The provisions of this chapter requiring the payment of taxes shall not apply to motor vehicle fuel imported into the state in interstate or foreign commerce and intended to be sold while they are in interstate or foreign commerce, nor to motor vehicle fuel, exported from this state by a qualified distributor, nor to sales by a distributor of motor vehicle fuel in individual quantities of five hundred gallons or less for export to another state or country by the purchaser other than in the supply tank of a motor vehicle: *Provided*, That such distributor is licensed in the state of destination to collect and remit the applicable destination state taxes thereon, nor to any motor vehicle fuel sold by a qualified distributor to the armed forces of the United States or to the national guard for use exclusively in ships or aircraft or for export from this state, nor to motor vehicle fuel for use exclusively in the operation of aircraft engines, delivered to aviation fuel dealers and/or users as authorized by the director. The distributor shall report such imports, exports and sales to the director as hereinafter provided and at such times, on

Exemptions—Imports, exports, federal sales, aviation gasoline—Exemption and export certificates—Reciprocity on information.

Motor vehicle
fuel tax.
Exemptions—
Imports, ex-
ports, federal
sales, aviation
gasoline—
Exemption
and export cer-
tificates—
Reciprocity on
information.

such forms, and in such detail as he may require, otherwise the exemption granted in this section shall be null and void, and all fuel shall be considered distributed in this state fully subject to the provisions of this chapter. Each invoice covering such exempt sale shall have the statement "Ex Washington Motor Vehicle Fuel Tax" clearly marked thereon.

To claim any exemption from taxes under this section on account of the exportation of motor vehicle fuel by a distributor other than deliveries in his own equipment, such distributor shall, at the request of the director, execute an export certificate in such form as shall be furnished by the director, containing a statement, made by some person having actual knowledge of the fact of exportation, that the motor vehicle fuel has been exported from the state, and giving such details with reference to such shipment as the director may require. All export certificates must be completed and filed with the director within three months of the end of the calendar month in which the shipments to which they relate were made, unless the state, territory or country of destination would not be prejudiced with respect to its collection of taxes thereon if the certificate is not filed within such time. The director may, in cases where it is believed no useful purpose would be served by filing of an export certificate, waive the certificate. Failure to file the certificate within the time required by this section shall not preclude the distributor from filing a claim for refund on motor vehicle fuel exported as provided in section 13 of this amendatory act or otherwise in chapter 82.36 RCW, with such information as the director may require to support the validity of such claim.

To claim any exemption from taxes under this section on account of sales of motor vehicle fuel

to the armed forces of the United States or to the national guard, the distributor shall be required to execute an exemption certificate in such form as shall be furnished by the director, containing a certified statement by an authorized officer of the armed forces having actual knowledge of the purpose for which the exemption is claimed. Any claim for exemption based on such sales shall be made by the distributor within six months of the date of sale. The provisions of this section exempting motor vehicle fuel sold to the armed forces of the United States or to the national guard from the tax imposed hereunder shall not apply to any motor vehicle fuel sold to contractors purchasing such fuel either for their own account or as the agents of the United States or the national guard for use in the performance of contracts with the armed forces of the United States or the national guard.

In support of any exemption from taxes on account of sales of motor vehicle fuel in individual quantities of five hundred gallons or less for export by the purchaser, the distributor shall retain in his files for at least three years an export certificate executed by the purchaser in such form and containing such information as shall be prescribed by the director. This certificate shall be prima facie evidence of the exportation of the motor vehicle fuel to which it applies only if accepted by the distributor in good faith.

The director may at any time require of any distributor any information he deems necessary to determine the validity of the claimed exemption, and failure to supply such data will constitute a waiver of all right to the exemption claimed. The director is hereby empowered with full authority to promulgate rules and regulations and to prescribe forms to be used by distributors in reporting to

the director so as to prevent evasion of the tax imposed by this chapter.

Upon request from the officials to whom are entrusted the enforcement of the motor fuel tax law of any other state, the District of Columbia, the United States, its territories and possessions, the provinces, or the Dominion of Canada, the director may forward to such officials any information which he may have relative to the import or export of any motor vehicle fuel by any distributor: *Provided*, That such governmental unit furnish like information to this state.

RCW 82.36.235 amended without change.

SEC. 10. Section 82.36.235, chapter 15, Laws of 1961 and RCW 82.36.235 are each amended to read as follows:

Motor vehicle fuel tax. Exemptions—Fuel delivered by distributor exclusively for marine use—Exemption certificate—Records and examination.

The provisions of this chapter requiring the payment of taxes shall not apply to motor vehicle fuel delivered exclusively for marine use by a distributor directly into the fuel tanks connected to the engine of any marine vessel (excluding any amphibious vehicle) owned or operated by the purchaser of the fuel: *Provided*, That such purchaser holds at the time of the delivery a permit issued pursuant to the provisions of RCW 82.36.270. Each invoice covering such sale shall have the statement, "Ex Washington Motor Vehicle Fuel Tax" clearly marked thereon.

In support of the aforementioned exemption the distributor shall obtain from the person so purchasing the motor vehicle fuel, and retain in his possession, an exemption certificate in such form and detail as the director may require. The certificate shall contain a statement signed by the purchaser of the fuel to the effect that the fuel so purchased will be used solely for marine use. The distributor may either obtain a separate exemption certificate from the purchaser for each delivery of fuel thereto or he may obtain one certificate

covering all deliveries made to such purchaser during any given calendar month.

RCW 82.36.320 and 82.36.340 relating to records and the examination of records shall also apply to the exemption claimed by any person who purchases motor vehicle fuel under the provisions of this section.

SEC. 11. Section 82.36.260, chapter 15, Laws of 1961 and RCW 82.36.260 are each amended to read as follows:

RCW 82.36.260 amended.

The director shall have authority to extend the time prescribed under this chapter for filing exportation certificates or claiming exemption for sales to the armed forces: *Provided*, That written request is filed with the director showing cause for failure to do so within or prior to the prescribed period.

Extension of time for filing exportation certificates or claiming exemptions.

SEC. 12. Section 82.36.305, chapter 15, Laws of 1961 and RCW 82.36.305 are each amended to read as follows:

RCW 82.36.305 amended without change.

Any dealer who delivers motor vehicle fuel exclusively for marine use into the fuel tanks connected to the engine of any marine vessel (excluding any amphibious vehicle) owned or operated by the purchaser of the fuel, said dealer having paid the tax on such fuel levied or directed to be paid as provided in this chapter, either directly by the collection of such tax by the vendor from the dealer or indirectly by the adding of the amount of the tax to the price of such fuel, shall be entitled to and shall be refunded the amount of the tax so paid. The refund shall be applicable only if the person to whom the dealer sold the fuel holds a permit issued pursuant to the provisions of RCW 82.36.270 at the time of sale. Each invoice covering such sale shall have the statement, "Ex Washington Motor Vehicle Fuel Tax," clearly marked thereon.

Refunds to dealer delivering fuel exclusively for marine use—Limitations—Supporting certificate.

In addition to the claim to be filed under RCW 82.36.310 the dealer shall also file a certificate supporting such refund in such form and detail as the director may require. The certificate shall contain a statement signed by the purchaser of the fuel to the effect that the fuel so purchased will be used solely for marine use. The dealer may either file a separate certificate obtained from the purchaser for each delivery of fuel thereto or he may file one certificate covering all deliveries made to such purchaser during any given calendar month.

RCW 82.36.310
amended.

SEC. 13. Section 82.36.310, chapter 15, Laws of 1961 and RCW 82.36.310 are each amended to read as follows:

Motor vehicle
fuel tax. Claim
of refund.

Any person claiming a refund for motor vehicle fuel used or exported as in this chapter provided shall not be entitled to receive such refund until he presents to the director a claim upon forms to be provided by the director with such information as the director shall require, which claim to be valid shall in all cases be accompanied by the original invoice or invoices issued to the claimant at the time of the purchases of the motor vehicle fuel, approved as to invoice form by the director: *Provided*, That in the event of the loss or destruction of the original invoice or invoices, the person claiming a refund may submit in lieu thereof a duplicate copy of such invoice certified by the vendor, but no payment of refund based upon such duplicate invoice shall be made until after expiration of such statutory period specified in section 14 of this amendatory act for filing of refund applications.

Any person claiming refund by reason of exportation of motor vehicle fuel shall in addition to the invoices required furnish to the director the export certificate therefor, and the signature on the exportation certificate shall be certified by a

notary public. In all cases the claim shall be signed by the person claiming the refund, or if it is a corporation, by some proper officer thereof.

SEC. 14. Section 82.36.330, chapter 15, Laws of 1961 and RCW 82.36.330 are each amended to read as follows:

RCW 82.36.330 amended.

Upon the approval of the director of the claim for refund, the state treasurer shall draw a warrant upon the state treasury for the amount of the claim in favor of the person making such claim and the warrant shall be paid from the excise tax collected on motor vehicle fuel. Applications for refunds of excise tax shall be filed in the office of the director not later than the close of the last business day of a period thirteen months from the date of purchase of such motor fuel, and if not filed within this period the right to refund shall be forever barred, except that such limitation shall not apply to claims for loss or destruction of motor vehicle fuel as provided by the provisions of section 15 of this amendatory act. Any person or the member of any firm or the officer or agent of any corporation who makes any false statement in any claim required for the refund of excise tax, as provided in this chapter, or who collects or causes to be repaid to him or to any other person any such refund without being entitled to the same under the provisions of this chapter shall be guilty of a gross misdemeanor.

Payment of refunds—
Penalty.

SEC. 15. Section 82.36.370, chapter 15, Laws of 1961 and RCW 82.36.370 are each amended to read as follows:

RCW 82.36.370 amended.

A refund shall be made in the manner provided in this chapter or a credit given allowing for the excise tax paid or accrued on all motor vehicle fuel in excess of five hundred gallons, which is lost or destroyed, while he shall be the owner thereof, through fire, lightning, flood, wind storm,

Refund for fuel destroyed by fire, flood, explosion, etc.

Motor vehicle fuel tax. Refund for fuel destroyed by fire, floor, etc.

explosion, leakage or other casualty except evaporation, shrinkage or unknown cause: *Provided*, That the director shall be notified in writing as to the full circumstances surrounding such loss or destruction and the amount of the loss or destruction within thirty days from the date of discovery of such loss or destruction: *And, provided further*, That such loss or destruction is susceptible to positive proof thereby enabling the director to conduct such investigation and require such information as he may deem necessary.

In the event that the director is not satisfied that the fuel was lost or destroyed as claimed, wherefore required information or proof as required hereunder is not sufficient to substantiate the accuracy of the claim, he may deem as sufficient cause the denial of all right relating to the refund or credit for the excise tax on motor vehicle fuel alleged to be lost or destroyed.

New section.

SEC. 16. There is added to chapter 15, Laws of 1961 and chapter 82.36 RCW a new section to read as follows:

Overpayments—Claims for refund or credit, statute of limitations—Notice when tax, penalty or interest assessed.

Unless otherwise provided any credit for erroneous overpayment of tax made by a distributor to be taken on a subsequent return or any claim of refund for tax erroneously overpaid by a distributor, pursuant to the provisions of section 4 of this act, must be so taken within three years after the date on which the overpayment was made to the state. Failure to take such credit or claim such refund within the time prescribed in this section shall constitute waiver of any and all demands against this state on account of overpayment hereunder.

Except in the case of a fraudulent report or neglect or refusal to make a report every notice of additional tax, penalty or interest assessed here-

under shall be served on the distributor within three years from the date upon which such additional taxes became due.

Passed the House March 26, 1965.

Passed the Senate March 23, 1965.

Approved by the Governor April 6, 1965.

CHAPTER 80.

[House Bill No. 318.]

INDUSTRIAL INSURANCE—PAYROLL REPORTS—
MEDICAL AID CONTRACTS.

AN ACT relating to industrial insurance; amending section 51-16.060, chapter 23, Laws of 1961 and RCW 51.16.060; and amending section 51.40.020, chapter 23, Laws of 1961, as amended by section 1, chapter 36, Laws of 1965, and RCW 51.40.020.

Be it enacted by the Legislature of the State of Washington:

SECTION 1. Section 51.16.060, chapter 23, Laws of 1961 and RCW 51.16.060 are each amended to read as follows:

RCW 51.16.060 amended.

Every employer shall, on or before the last day of January, April, July and October of each year hereafter, furnish the department with a true and accurate payroll and the aggregate number of workmen hours, during which workmen were employed by him during the preceding calendar quarter, the total amount paid to such workmen during such preceding calendar quarter, and a segregation of employment in the different classes provided in this title, and shall pay his premium thereon to the accident fund and medical aid fund. The sufficiency of such statement shall be subject to the approval of the director: *Provided*, That the director may in his discretion and for the effective administration of this title require an em-

Industrial insurance. Quarterly reports—As basis for closing account.