

take effect June 30, 1985. Sections 1 through 96, and 105 of this act shall take effect January 1, 1986, but any steps that may be necessary to ensure that this act is implemented on its effective dates may be taken immediately.

Passed the Senate April 27, 1985.

Passed the House April 27, 1985.

Approved by the Governor May 20, 1985, with the exception of certain items which are vetoed.

Filed in Office of Secretary of State May 20, 1985.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith without my approval as to one section Engrossed Substitute Senate Bill No. 3376, entitled:

"AN ACT Relating to governance in higher education;"

Senate Bill 3630 transfers the High Technology Coordinating Board's administrative support responsibility from the existing Council for Postsecondary Education to the Department of Commerce and Economic Development. Engrossed Substitute Senate Bill No. 3376 replaces CPE with a new Higher Education Coordinating Board and changes existing statutes accordingly. Therefore, Section 3 of Senate Bill No. 3630 and Section 88 of Engrossed Substitute Senate Bill No. 3376 are in conflict as they relate to staff for the High Technology Coordinating Board. To carry out legislative intent, I, therefore, have vetoed Section 88 of Engrossed Substitute Senate Bill No. 3376.

With the exception of Section 88, Engrossed Substitute Senate Bill No. 3376 is approved."

---

## CHAPTER 371

[Senate Bill No. 3456]

### ALCOHOL USED AS FUEL—TAX EXEMPTIONS

AN ACT Relating to tax exemptions; amending RCW 82.04.325, 82.29A.135, 82.36.225, 82.36.280, 82.38.085, and 84.36.490; and amending section 6, chapter 131, Laws of 1980 (uncodified).

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

Sec. 1. Section 6, chapter 131, Laws of 1980 (uncodified) is amended to read as follows:

~~((Sections 1 through 4 of this 1980 act))~~ RCW 82.08.0286 and 82.12.0281 shall expire December 31, ((1986)) 1992.

Sec. 2. Section 13, chapter 196, Laws of 1979 ex. sess. as amended by section 3, chapter 157, Laws of 1980 and RCW 82.04.325 are each amended to read as follows:

The tax imposed by RCW 82.04.270(1) does not apply to any person who manufactures alcohol with respect to sales of said alcohol to be used in the production of gasohol for use as motor vehicle fuel, nor with respect to sales of gasohol for use as motor vehicle fuel. As used in this section, "motor vehicle fuel" has the meaning given in RCW 82.36.010(2), and "gasohol" means motor vehicle fuel which contains more than nine and one-half

percent alcohol by volume. This RCW section shall expire December 31, ~~((+1986))~~ 1992.

Sec. 3. Section 2, chapter 157, Laws of 1980 and RCW 82.29A.135 are each amended to read as follows:

(1) For the purposes of this section, "alcohol fuel" means any alcohol made from a product other than petroleum or natural gas, which is used alone or in combination with gasoline or other petroleum products for use as a fuel for motor vehicles, farm implements and machines or implements of husbandry.

(2) All leasehold interests in buildings, machinery, equipment, and other personal property which is used primarily for the manufacturing of alcohol fuel, the land upon which such property is located, and land that is reasonably necessary in the manufacturing of alcohol fuel, but not land necessary for growing of crops, which together comprise a new alcohol manufacturing facility or an addition to an existing alcohol manufacturing facility, are exempt from leasehold taxes for a period of six years from the date on which the facility or the addition to the existing facility becomes operational.

For alcohol manufacturing facilities which produce alcohol for use as alcohol fuel and alcohol used for other purposes, the amount of the leasehold tax exemption shall be based upon an annually determined percentage of the total gallons of alcohol produced that is sold and used as alcohol fuel.

(3) Claims for exemptions authorized by this section shall be filed with the department of revenue on forms prescribed by the department of revenue and furnished by the department of revenue. Once filed, the exemption is valid for six years and shall not be renewed. The department of revenue shall verify and approve such claims as the department of revenue determines to be justified and in accordance with this section. No claims may be filed after December 31, ~~((+1986))~~ 1992.

The department of revenue may promulgate such rules, pursuant to chapter 34.04 RCW, as are necessary to properly administer this section.

Sec. 4. Section 3, chapter 131, Laws of 1980 as amended by section 4, chapter 342, Laws of 1981 and RCW 82.36.225 are each amended to read as follows:

Alcohol of any proof that is sold in this state for use as fuel in motor vehicles, farm implements and machines, or implements of husbandry is exempt from the motor vehicle fuel tax under this chapter. In addition, a tax credit of sixty percent of the tax rate imposed by RCW 82.36.025 shall be given for every gallon of alcohol used in an alcohol-gasoline blend which contains at least nine and one-half percent or more by volume of alcohol: PROVIDED, That in no case may the tax credit claimed be greater than the tax due on the gasoline portion of the blended fuel.

This section shall expire on December 31, ~~((+1986))~~ 1992.

Sec. 5. Section 82.36.280, chapter 15, Laws of 1961 as last amended by section 5, chapter 131, Laws of 1980 and RCW 82.36.280 are each amended to read as follows:

Any person who uses any motor vehicle fuel for the purpose of operating any internal combustion engine not used on or in conjunction with any motor vehicle licensed to be operated over and along any of the public highways, and as the motive power thereof, upon which motor vehicle fuel excise tax has been paid, shall be entitled to and shall receive a refund of the amount of the motor vehicle fuel excise tax paid on each gallon of motor vehicle fuel so used, whether such motor vehicle excise tax has been paid either directly to the vendor from whom the motor vehicle fuel was purchased or indirectly by adding the amount of such excise tax to the price of such fuel. No refund shall be made for motor vehicle fuel consumed by any motor vehicle as herein defined that is required to be registered and licensed as provided in chapter 46.16 RCW; and is operated over and along any public highway except that a refund shall be allowed for motor vehicle fuel consumed:

(1) In a motor vehicle owned by the United States that is operated off the public highways for official use;

(2) By auxiliary equipment not used for motive power, provided such consumption is accurately measured by a metering device that has been specifically approved by the department or is established by either of the following formulae:

(a) For fuel used in pumping fuel or heating oils by a power take-off unit on a delivery truck, refund shall be allowed claimant for tax paid on fuel purchased at the rate of three-fourths of one gallon for each one thousand gallons of fuel delivered: PROVIDED, That claimant when presenting his claim to the department in accordance with the provisions of this chapter, shall provide to said claim, invoices of fuel oil delivered, or such other appropriate information as may be required by the department to substantiate his claim; or

(b) For fuel used in operating a power take-off unit on a cement mixer truck or load compactor on a garbage truck, claimant shall be allowed a refund of twenty-five percent of the tax paid on all fuel used in such a truck; and

(3) Before December 31, (~~1986~~) 1992, in a commercial vehicle as defined in RCW 46.04.140 or a farm vehicle as defined in RCW 46.04.181, if the motor vehicle fuel consumed contains nine and one-half percent or more by volume of alcohol and the commercial vehicle or farm vehicle is operated off the public highways of this state.

Sec. 6. Section 4, chapter 131, Laws of 1980 as amended by section 7, chapter 342, Laws of 1981 and RCW 82.38.085 are each amended to read as follows:

Alcohol of any proof that is sold in this state for use as fuel in motor vehicles is exempt from the special fuel tax under this chapter. In addition, a tax credit of sixty percent of the tax rate imposed by RCW 82.38.030 shall be given for every gallon of alcohol used in an alcohol-special fuel blend which contains at least nine and one-half percent or more by volume of alcohol: PROVIDED, That in no case may the tax credit claimed be greater than the tax due on the special fuel portion of the blended fuel.

This section shall expire on December 31, (~~(+1986)~~) 1992.

Sec. 7. Section 1, chapter 157, Laws of 1980 and RCW 84.36.490 are each amended to read as follows:

(1) For the purposes of this section, "alcohol fuel" means any alcohol made from a product other than petroleum or natural gas, which is used alone or in combination with gasoline or other petroleum products for use as a fuel for motor vehicles, farm implements and machines or implements of husbandry.

(2) All buildings, machinery, equipment, and other personal property which is used primarily for the manufacturing of alcohol fuel, the land upon which such property is located, and land that is reasonably necessary in the manufacturing of alcohol fuel, but not land necessary for growing of crops, which together comprise a new alcohol manufacturing facility or an addition to an existing alcohol manufacturing facility, are exempt from property taxation for the six assessment years following the date on which the facility or the addition to the existing facility becomes operational.

For alcohol manufacturing facilities which produce alcohol for use as alcohol fuel and alcohol used for other purposes, the amount of the property tax exemption shall be based upon an annually determined percentage of the total gallons of alcohol produced that is sold or used as alcohol fuel.

(3) Claims for exemptions authorized by this section shall be filed with the county assessor on forms prescribed by the department of revenue and furnished by the assessor. Once filed, the exemption is valid for six years and shall not be renewed. The assessor shall verify and approve such claims as the assessor determines to be justified and in accordance with this section. No claims may be filed after December 31, (~~(+1986)~~) 1992.

The department of revenue may promulgate such rules, pursuant to chapter 34.04 RCW, as are necessary to properly administer this section.

Passed the Senate April 23, 1985.

Passed the House April 12, 1985.

Approved by the Governor May 20, 1985.

Filed in Office of Secretary of State May 20, 1985.