

1 **Close the Big Oil Tax Loophole**

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3 **Whereas** the extracted fuel exemption is a tax preference allowing companies to avoid
4 paying use taxes on fuel which they produce and burn at the same facility; and

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6 **Whereas** the Washington State Legislature created the extracted fuel exemption to benefit
7 sawmills that used wood scraps ("hog-fuel") to power their equipment; and

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9 **Whereas** five oil refineries that produce fuel on-site and use that fuel to refine oil today
10 receive 98 percent of the benefit of the extracted fuel exemption; and

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12 **Whereas** oil refineries did not exist in Washington State in 1949 when the exemption was
13 enacted by the Legislature; and

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15 **Whereas** of 29 states with oil refineries, only one other state, Alabama, has an extracted
16 fuel exemption; and

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18 **Whereas** Alabama's rule is more narrowly defined for petroleum products; and

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20 **Whereas** the exemption represents \$41 million in lost revenue to the State of Washington
21 over the next biennium; and

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23 **Whereas** the Washington State Supreme Court has stated that the Legislature is "not on
24 target" to implement the court-ordered mandate to meet its constitutional obligation to fully
25 fund basic education;

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27 **Therefore, be it resolved** that we, the King County Democratic Central Committee urge our
28 representatives and senators in the Washington State Legislature to pass HB 2038, *Investing*
29 *in the education legacy trust account for K-12 basic education and higher education by*
30 *narrowing or eliminating tax preferences and extending taxes set to expire*, during the 2014
31 legislative session; and

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33 **Therefore, be it finally resolved** that we ask all our members to write or call their state
34 legislators urging passage of HB 2038.

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36 Adopted, January 28, 2014, at the General Meeting of the King County Democratic Central
37 Committee Executive Board.

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Karl deJong, Chair