Close the Big Oil Tax Loophole

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

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

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

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

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

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

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

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

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

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

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

Karl de Jong, Chair