

SENATE BILL REPORT

SB 5898

As of January 26, 2026

Title: An act relating to directing the deposit of the proceeds from taxes on aircraft fuel to the aeronautics account.

Brief Description: Directing the deposit of the proceeds from taxes on aircraft fuel to the aeronautics account.

Sponsors: Senators Boehnke, Christian, Cleveland and Dozier.

Brief History:

Committee Activity: Ways & Means: 1/26/26.

Brief Summary of Bill

- Directs all proceeds on aircraft fuel from hazardous substance tax, petroleum product tax, and oil spill response tax to the aeronautics account.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Tianyi Lan (786-7432)

Background: Aviation Fuels. Aircraft fuel is gasoline or any other inflammable liquid that is chiefly used as a fuel for the propulsion of aircraft. Aviation gasoline and jet fuel are two common aircraft fuels sold in Washington. Washington applies the sales and use tax, hazardous substance tax (HST), petroleum products tax, and aircraft fuel excise tax to aviation fuels. In certain cases, oil spill taxes also apply to aviation fuels.

Hazardous Substances Tax. HST is a tax on the first possession of hazardous substances in Washington. HST applies to petroleum products, certain pesticides, and certain chemicals.

The HST rate on petroleum products measured on a per barrel basis is \$1.48 per barrel for

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fiscal year 2026. The per barrel rate is adjusted annually by inflation. The HST rate on non-petroleum hazardous substances is 0.7 percent of the wholesale value of the substance.

At the beginning of each biennium, the Motor Vehicle Fund receives the first \$50 million in HST taxes for transportation stormwater activities and projects. The following accounts receive portions of the HST taxes after the deposits into the Motor Vehicle Fund:

- the Model Toxics Control Operating Account receives 60 percent of the taxes;
- the Model Toxics Control Capital Account receives 25 percent of the taxes; and
- the Model Toxics Control Stormwater Account receives 15 percent of the taxes.

Petroleum Products Tax. The petroleum products tax (PPT) is a tax on the first possession of petroleum products in Washington.

The tax rate is 0.30 percent of the wholesale value of petroleum products. Petroleum products include aviation fuel. PPT revenue is deposited into the Pollution Liability Insurance Program Trust Account.

The PPT expires on July 1, 2030.

Oil Spill Taxes. The oil spill response and oil spill administration taxes apply when a marine terminal or bulk oil terminal receives crude oil or petroleum products in Washington from vessels or barges, rail tank cars or pipelines. Oil spill taxes apply to aviation fuels imported into Washington in such way.

The oil spill response tax rate is \$0.01 per barrel, and the oil spill administration tax rate is \$0.04 per barrel.

Receipts from the oil spill response tax are deposited in the oil spill response account. The first \$200,000 of the oil spill administration tax is deposited into the Military Department Active State Service Account, and the remaining funds go to the Oil Spill Prevention Account.

The Aeronautics Account. Revenues generated from the state aircraft fuel excise tax are deposited into the state aeronautics account. Expenditure from the account requires an appropriation and can only be used for aviation-related purposes.

Summary of Bill: The bill directs all proceeds on aircraft fuel from HST, petroleum product tax, and oil spill response tax to the aeronautics account.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Washington airports generate \$107 billion in business revenues, \$26.8 billion in labor income, approximately 410,000 jobs, and \$913 million in statewide tax impacts in 2018. Airports only receive a small amount from the state. The bill is critical to help our airports to invest in the future and capacity and efficiency within aviation in the state.

The Airport Grant Assurance 25, Airport Revenue, requires taxes from aircraft fuel after 1987 to be used for aviation or airports. There are six state taxes on aircraft fuel and most are paid when the fuel is delivered at the airport. Only the aircraft fuel excise tax currently is directed to WSDOT aviation fund. The bill is a positive first step towards complying with federal law with respect to legal use aircraft fuel tax, including the hazardous substance tax, the petroleum product tax, and the oil spill admin fee.

OTHER: The bill diverts funds away from the Model Toxics Control accounts (MTCA) which currently support remedial action grants on critical environmental cleanups that turn contaminated sites back to productive use. MTCA serves as a primary funding mechanism to fund the state's work to prevent and clean up pollution and provides critical pass-through money to local governments and tribes to protect communities from pollution contamination.

The changes to the aviation fuel tax could further weaken the long-term sustainability of MTCA without addressing how to offset those losses.

Persons Testifying: PRO: Brad Schuster, Aircraft Owners and Pilots Association (AOPA) / Northwest Mountain Regional Manager; Josh Marcy, Washington Airport Management Association (WAMA); Dawson Frank, Washington Airport Management Association (WAMA); Jim Kuntz, Chelan Douglas Regional Port Authority.

OTHER: Travis Dutton, Washington State Association of Counties / Policy Coordinator; Carrie Sessions, Department of Ecology; Eric ffitich, Washington Public Ports Association; John Flanagan, Port of Seattle.

Persons Signed In To Testify But Not Testifying: No one.