

Multiple Agency Fiscal Note Summary

Bill Number: 1083 HB	Title: Aircraft fuel tax distrib.
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Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Revenue	(4,100,000)	(4,100,000)	0	(9,400,000)	(9,400,000)	0	(10,900,000)	(10,900,000)	0
Total \$	(4,100,000)	(4,100,000)	0	(9,400,000)	(9,400,000)	0	(10,900,000)	(10,900,000)	0

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Revenue	.1	28,800	28,800	28,800	.1	28,400	28,400	28,400	.1	28,400	28,400	28,400
Department of Transportation	.5	0	0	164,000	.5	0	0	164,000	.5	0	0	164,000
Total \$	0.6	28,800	28,800	192,800	0.6	28,400	28,400	192,400	0.6	28,400	28,400	192,400

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Prepared by: Brooke Gore, OFM	Phone: (564) 669-0703	Date Published: Final 2/ 5/2025
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Department of Revenue Fiscal Note

Bill Number: 1083 HB	Title: Aircraft fuel tax distrib.	Agency: 140-Department of Revenue
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2026	FY 2027	2025-27	2027-29	2029-31
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax	(300,000)	(400,000)	(700,000)	(1,500,000)	(1,700,000)
GF-STATE-State 01 - Taxes 10 - Compensating Tax	(1,400,000)	(2,000,000)	(3,400,000)	(7,900,000)	(9,200,000)
Aeronautics Account-State 01 - Taxes 01 - Retail Sales Tax	300,000	400,000	700,000	1,500,000	1,700,000
Aeronautics Account-State 01 - Taxes 10 - Compensating Tax	1,400,000	2,000,000	3,400,000	7,900,000	9,200,000
Total \$					

Estimated Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
Account					
GF-STATE-State 001-1	14,600	14,200	28,800	28,400	28,400
Total \$	14,600	14,200	28,800	28,400	28,400

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Dave Johnson	Phone: (603) 60-786-7154	Date: 01/23/2025
Agency Preparation: Anna Yamada	Phone: (603) 60-534-1519	Date: 01/28/2025
Agency Approval: Marianne McIntosh	Phone: (603) 60-534-1505	Date: 01/28/2025
OFM Review: Megan Tudor	Phone: (603) 60-890-1722	Date: 02/04/2025

Request # 1083-1-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

This fiscal note only addresses section 1(2) of the bill, which impacts the Department of Revenue (department).

CURRENT LAW:

The General Fund receives the taxes from the state portion of retail sales and use taxes on aircraft fuel.

PROPOSAL:

The bill changes the distribution of taxes from retail sales and use taxes on aircraft fuel as follows:

From July 1, 2025, to June 30, 2027, of the 6.5% collected, 0.5% would go to the Aeronautics Account, and 6% would go to the General Fund.

Beginning July 1, 2027, of the 6.5% collected, 1% would go to the Aeronautics Account, and 5.5% would go to the General Fund.

EFFECTIVE DATE:

The bill takes effect July 1, 2025.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

- The revenue impact is based on an estimate of retail sales and use taxes paid on aviation fuel.
- Aviation fuels are mainly jet fuel and aviation gasoline.
- The Performance Audits of Government Account receives a 0.16% share of retail sales and use taxes. The change to the distribution of sales and use taxes on aircraft fuel excludes this amount.
- Transfer of the funds will occur on a quarterly basis, and the first quarterly transfer will occur by November 30, 2025. This will result in three quarters (nine months) cash transfer for fiscal year 2026.

USE TAX

- Air transportation businesses consume most of the aviation fuel used in Washington. These scheduled passenger carriers and air freighters have direct pay permits and pay use tax directly to the department in lieu of retail sales tax only for the fuel physically consumed in the state.
- Air transportation businesses file approximately 90% of the use tax for aviation fuel.
- The annual growth rate for use tax revenue reflects the Bureau of Transportation Statistics 2024 forecast for the U.S. Air Carrier Traffic Statistics and the jet fuel price forecast.

RETAIL SALES TAX

- General aviation (for private jets/planes), flight schools, and foreign commercial airlines purchase aviation fuel at retail.
- Licensed aircraft fuel distributors likely make retail aviation fuel sales, subject to aircraft fuel tax and retail sales tax for the amount sold at retail.
- 92% of the aircraft fuel tax revenue is from jet fuels, and the remaining 8% is from aviation gasoline.
- To calculate the taxable amount of retail sales of jet fuel from the volume of fuel tax due for aircraft fuel tax revenue, which is multiplied by an average price of jet fuel reported by the U.S. Energy Information Administration (EIA). Statista reports the U.S. price outlook of select fuels, which determines the growth rate for the projected years.

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- The price of aviation gasoline is not readily available. The taxable amount calculations use EIA conventional retail gasoline price for Washington because of the similar composition to aviation gasoline.
- The annual growth rate for aviation gasoline reflects the Economic and Revenue Forecast Council’s November 2024 forecast for the weighted average price of crude received in refinery inventories.

DATA SOURCES

- Transportation Economic & Revenue Forecast Council, Vol. II, November 2024 Aircraft Fuel Tax Forecast
- U.S. Energy Information Administration, Refinery and Blender Net Production December 2024
- U.S. Energy Information Administration, Wholesale Petroleum Product Prices, January 2025
- Statista, U.S. price outlook of select fuels 2018-2050
- Department of Revenue, Excise tax return data
- Department of Licensing, Aircraft Fuel Return Summary Report by FY2017-FY2024
- Bureau of Transportation Statistics, U.S. Air Carrier Traffic Statics through October 2024

REVENUE ESTIMATES

This legislation decreases the general fund by distributing sales and use taxes on aircraft fuel to the aeronautics account.

This bill redirects an estimated \$1.7 million in the three quarters of fiscal year 2026 to the aeronautics account and an estimated \$2.4 million in fiscal year 2027, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2026 -	\$ 0
FY 2027 -	\$ 0
FY 2028 -	\$ 0
FY 2029 -	\$ 0
FY 2030 -	\$ 0
FY 2031 -	\$ 0

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

The department assumes the transferring of funds will occur on a quarterly basis, with the first transfer occurring by November 30, 2025.

FIRST YEAR COSTS:

The department will incur total costs of \$14,600 in fiscal year 2026. These costs include:

Labor Costs – Time and effort equate to 0.1 FTE.

- Calculate the amount to be distributed.
- Provide data to the aviation division of the Department of Transportation.

SECOND YEAR COSTS:

The department will incur total costs of \$14,200 in fiscal year 2027. These costs include:

Labor Costs – Time and effort equate to 0.1 FTE.

- Calculate the amount to be distributed.

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- Provide data to the aviation division of the Department of Transportation.

ONGOING COSTS:

Ongoing costs for the 2027-29 biennium equal \$28,400 and include similar activities described in the second-year costs. Time and effort equate to 0.1 FTE.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
A-Salaries and Wages	9,100	9,100	18,200	18,200	18,200
B-Employee Benefits	3,300	3,300	6,600	6,600	6,600
E-Goods and Other Services	1,800	1,600	3,400	3,200	3,200
J-Capital Outlays	400	200	600	400	400
Total \$	\$14,600	\$14,200	\$28,800	\$28,400	\$28,400

III. B - Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
TAX POLICY SP 3	91,068	0.1	0.1	0.1	0.1	0.1
Total FTEs		0.1	0.1	0.1	0.1	0.1

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 1083 HB	Title: Aircraft fuel tax distrib.	Agency: 405-Department of Transportation
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
Account					
Aeronautics Account-State -1	82,000	82,000	164,000	164,000	164,000
Total \$	82,000	82,000	164,000	164,000	164,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Dave Johnson	Phone: 360-786-7154	Date: 01/23/2025
Agency Preparation: Terri Palumbo	Phone: 360-709-8096	Date: 01/30/2025
Agency Approval: Ann Richart	Phone: 360-529-6550	Date: 01/30/2025
OFM Review: Brooke Gore	Phone: (564) 669-0703	Date: 01/31/2025

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

See attached agency fiscal note.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
039-1	Aeronautics Account	State	82,000	82,000	164,000	164,000	164,000
Total \$			82,000	82,000	164,000	164,000	164,000

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
A-Salaries and Wages	56,000	56,000	112,000	112,000	112,000
B-Employee Benefits	20,000	20,000	40,000	40,000	40,000
C-Professional Service Contracts					
E-Goods and Other Services	4,000	4,000	8,000	8,000	8,000
G-Travel	2,000	2,000	4,000	4,000	4,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	82,000	82,000	164,000	164,000	164,000

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
Construction Project Coordinator 3	111,500	0.5	0.5	0.5	0.5	0.5
Total FTEs		0.5	0.5	0.5	0.5	0.5

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Program F - Aviation-Operating (F)	82,000	82,000	164,000	164,000	164,000
Total \$	82,000	82,000	164,000	164,000	164,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: HB 1083 **Title:** Dist.of Aircraft Fuel Tax Revenue

Agency: 405-Department of Transportation

Part I: Estimates

- ☐ No Fiscal Impact (Explain required in section II. A)
- ☐ Indeterminate Cash Receipts Impact (Explain in section II. B)
- ☐ Partially Indeterminate Cash Receipts Impact (Explain in section II. B)
- ☐ Indeterminate Expenditure Impact (Explain in section II. C)
- ☐ Partially Indeterminate Expenditure Impact (Explain in section II. C)

- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, **complete entire fiscal note form Parts I-V**
- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, **complete entire fiscal note form Parts I-V**
- ☐ Capital budget impact, **complete Part IV**
- ☐ Requires new rule making, **complete Part V**
- ☐ Revised

Fiscal Detail

		2025-27 Biennium		2027-29 Biennium		2029-31 Biennium	
Expenditures		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
039-1-AERONAUTICS		\$82,000	\$82,000	\$82,000	\$82,000	\$82,000	\$82,000
Total Expenditures		\$82,000	\$82,000	\$82,000	\$82,000	\$82,000	\$82,000
Biennial Totals		\$164,000		\$164,000		\$164,000	
FTEs	Salary	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Construction Project Coordinator 3	\$111,500	0.5	0.5	0.5	0.5	0.5	0.5
Annual Average		0.5		0.5		0.5	
Objects of Expenditure		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
A - SALARIES AND WAGES		\$56,000	\$56,000	\$56,000	\$56,000	\$56,000	\$56,000
B - EMPLOYEE BENEFITS		\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
E - GOODS AND SERVICES		\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
G - TRAVEL		\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Total Expenditures by Object		\$82,000	\$82,000	\$82,000	\$82,000	\$82,000	\$82,000
Biennial Totals by Object		\$164,000		\$164,000		\$164,000	
Expenditures by Program		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
PROGRAM F-OP		\$82,000	\$82,000	\$82,000	\$82,000	\$82,000	\$82,000
Total Expenditures by Program		\$82,000	\$82,000	\$82,000	\$82,000	\$82,000	\$82,000
Biennial Totals by Program		\$164,000		\$164,000		\$164,000	

Agency Assumptions

The Washington State Department of Transportation assumes the Department of Revenue will continue to collect use tax (RCW 82.12.020) or retail sales tax (RCW 82.08.020) from aircraft fuel and send the appropriate amount to the aeronautics account. T further assumed a system will be shared with WSDOT to perform the analysis to complete the requirements in Section 1 (4), reporting the estimated amount of funds returned to the general fund from the taxes generated because of the funded airport projects.

Individual State Agency Fiscal Note

Agency Contacts:

Preparer: Terri Palumbo	Phone: 360-791-3416	Date: 1/28/2025
Approval: Ann Richart	Phone: 360-529-6550	Date: 1/28/2025
Budget Manager: My-Hanh Mai	Phone: 360-705-7545	Date: 1/29/2025

Part II: Narrative Explanation

II. A - Brief description of what the measure does that has fiscal impact.

Under current law, moneys collected by the director from the aircraft fuel excise tax imposed by RCW 82.42.020 is credited to the Aeronautics Account, and moneys collected from the consumer or user of aircraft fuel from either the use tax imposed by RCW 82.12.020 or the retail sales tax imposed by RCW 82.08.020 is credited to the State General Fund. This bill amends RCW 82.42.090 by changing the aircraft fuel excise tax distributions.

Section 1 (2) requires from July 1, 2025, to June 30, 2027, an amount equivalent to imposing 0.5 % tax must be credited to the Aeronautics Account and an amount equivalent to 6.5 % minus the 0.5 % must be credited to the General Fund-State. Beginning July 1, 2027, an amount equivalent to imposing a 1% tax must be credited to the Aeronautics Account and an amount equivalent to 6.5% minus the 1% must be credited to the General Fund- State.

Section 1 (3) requires the Aviation Division (Aviation) of the Washington State Department of Transportation (WSDOT) to track the amount of added funds awarded for airport projects and report to the Legislature from 2025 to 2031.

Section 1 (4) requires Aviation to report to several Legislative committees on the estimated amount of funds returned to the General Fund-State, giving consideration of the number of sales and business and occupation taxes generated because of the airport projects beginning June 30, 2027.

Section 2 has an emergency clause, which makes the bill effective July 1, 2025.

II. B – Cash Receipts Impact

There is no cash receipts impact to the department, as WSDOT does not collect the revenue.

II. C - Expenditures

Section 1(3) requires WSDOT to track the added funds awarded for airport projects through the Airport Aid Grant program and report annually to the Legislature for years 2025-2031, and thereafter as needed. Section 1 (4) requires WSDOT to report to the Legislature the estimated amount of funds returned to the State General Fund considering the sales and business and occupation taxes generated because of the funded airport projects.

The department assumes added funds will be awarded to airport projects and added staff resources will be needed to coordinate with agencies, contractors, and airports to obtain information, administer, and report on the other grants. We further assume that added staff resources will be needed to track, manage, and evaluate the sales and business and occupation taxes generated from the work being conducted with each project. This FTE will also draft the report to the Legislature with the estimated funds being returned to the General Fund-State. The department assumes the data gathering and analysis of estimated tax receipts will be done in-house. The department estimates 0.5 FTE of a Construction Project Coordinator 3 beginning in fiscal year 2026 and ongoing.

Individual State Agency Fiscal Note

Part III: Expenditure Detail

III. A - Expenditures by Object or Purpose

N/A

Part IV: Capital Budget Impact

N/A

Part V: New Rule Making Required

N/A