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ENGROSSED SUBSTITUTE HOUSE BILL 2061

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State of Washington

69th Legislature

2025 Regular Session

By House Appropriations (originally sponsored by Representatives Fitzgibbon, Gregerson, Kloba, and Ramel)

READ FIRST TIME 04/08/25.

1       AN ACT Relating to concession fees by duty-free sales  
2 enterprises; amending RCW 43.384.040 and 14.08.330; adding a new  
3 section to chapter 43.31 RCW; adding a new chapter to Title 19 RCW;  
4 creating new sections; and providing an effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6       NEW SECTION. **Sec. 1.** (1) The legislature finds that federal law  
7 in 19 U.S.C. Sec. 1555 recognizes the authority of states and  
8 governmental authorities, incident to their jurisdiction over any  
9 airport, seaport, or other exit point facility, to require a  
10 concession or other form of approval to be obtained with respect to  
11 the operation of a duty-free sales enterprise under which merchandise  
12 is delivered to or through such facility for exportation.

13       (2) The legislature finds that congress in enacting the omnibus  
14 trade and competitiveness act of 1988, H.R. 4848, specifically  
15 recognized that concession fees derived from the operations of  
16 authorized duty-free sales enterprises constitute an important source  
17 of revenue for the state and other governmental authorities that  
18 collect such fees.

19       (3) The legislature finds that duty-free sales enterprises  
20 operate in Washington including at airports and locations within  
21 Washington near international borders, and engage in sales of

1 alcohol, cigarettes, other tobacco products, vapor products, nicotine  
2 products, and various kinds of merchandise. The legislature finds  
3 that Washington has jurisdiction over these facilities, locations,  
4 and duty-free sales enterprises operating in Washington, and that  
5 Washington does not currently require concession fees of duty-free  
6 sales enterprises to the extent authorized by federal law for  
7 collecting this important source of revenue.

8 (4) Therefore, the legislature intends to impose concession fees  
9 on duty-free sales enterprises operating within Washington as  
10 provided in this act.

11 NEW SECTION. **Sec. 2.** The definitions in this section apply  
12 throughout this chapter unless the context clearly requires  
13 otherwise.

14 (1) "Concession fee" means payment of a monetary fee by a duty-  
15 free sales enterprise to Washington state in relation to the sale of  
16 merchandise from a duty-free sales enterprise operating in  
17 Washington.

18 (2) "Department" means the department of revenue.

19 (3) "Duty-free sales enterprise" has the same meaning as in 19  
20 U.S.C. Sec. 1555(b)(8), as it exists on the effective date of this  
21 section, or such subsequent date as may be provided by the department  
22 by rule, consistent with the purposes of this title.

23 (4) "Gross proceeds of sales" has the same meaning as in RCW  
24 82.04.070.

25 (5) "Merchandise" means all items, goods, and products sold by a  
26 duty-free sales enterprise including but not limited to beer, wine,  
27 spirits, liquor, cigarettes, other tobacco products, vapor products,  
28 nicotine products, nonalcoholic beverages, food, clothing, jewelry,  
29 fragrances, cosmetics, accessories, electronics, books, magazines,  
30 souvenirs, and all other items, goods, and products whatsoever.

31 (6) "Sales" has the same meaning as in RCW 82.04.040.

32 NEW SECTION. **Sec. 3.** (1) Upon every duty-free sales enterprise  
33 operating in Washington, there is levied and collected a concession  
34 fee in an amount equal to the gross proceeds of sales of merchandise  
35 by the duty-free sales enterprise, multiplied by the rate of 0.10.

36 (2) The concession fee in this section is separate and in  
37 addition to business and occupation taxes and all other taxes and  
38 fees applicable to duty-free sales enterprises operating in

1 Washington including a concession fee paid to a port authority or  
2 other governmental authority.

3 (3) The concession fee may be stated separately from the selling  
4 price. For purposes of determining the amount due from the buyer to  
5 the seller, it is conclusively presumed that the selling price quoted  
6 in any price list does not include concession fees imposed by this  
7 section.

8 (4) The moneys collected pursuant to this section shall be  
9 distributed as follows:

10 (a) For amounts appropriated to the department of revenue for the  
11 implementation and administration of this act; and

12 (b) Beginning July 1, 2025 and annually thereafter, the moneys  
13 remaining after the amounts appropriated pursuant to subsection (a)  
14 shall be deposited as follows:

15 (i) Fifty percent into the statewide tourism marketing account  
16 created in RCW 43.384.040; and

17 (ii) Fifty percent into the sustainable aviation fuel account  
18 created in section 4 of this act.

19 (5) The department shall implement this chapter and may establish  
20 procedures and requirements for the payment of concession fees by  
21 duty-free sales enterprises and the collection of such concession  
22 fees.

23 (6) All other administrative provisions of chapter 82.32 RCW have  
24 full force and application with respect to the fee imposed under this  
25 section.

26 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.31  
27 RCW to read as follows:

28 The sustainable aviation fuel account is created in the state  
29 treasury. The account shall consist of concession fees collected and  
30 deposited into the account pursuant to section 3 of this act. Moneys  
31 in the account may be spent only after appropriation. Moneys in the  
32 account may be expended by the department for activities supporting  
33 research development, environmental review, and infrastructure to  
34 support the production of sustainable aviation fuel.

35 **Sec. 5.** RCW 43.384.040 and 2023 c 348 s 1 are each amended to  
36 read as follows:

37 The statewide tourism marketing account is created in the state  
38 treasury. All receipts from tax revenues under RCW 82.08.225 and

1 moneys collected pursuant to section 3 of this act must be deposited  
2 into the account. Moneys in the account may be spent only after  
3 appropriation. Expenditures from the account may be used only for  
4 expenditures of the department that are related to implementation of  
5 a statewide tourism marketing program and operation of the authority.  
6 A one-to-one nonstate or state fund, other than general fund state,  
7 match must be provided for all expenditures from the account. A match  
8 may consist of nonstate or state fund, other than general fund state,  
9 cash contributions deposited in the private local account created  
10 under RCW 43.384.020(4), the value of an advertising equivalency  
11 contribution, or an in-kind contribution. The board must determine  
12 criteria for what qualifies as an in-kind contribution.

13 NEW SECTION. **Sec. 6.** The department may adopt rules to  
14 implement this chapter.

15 **Sec. 7.** RCW 14.08.330 and 1985 c 246 s 1 are each amended to  
16 read as follows:

17 Every airport and other air navigation facility controlled and  
18 operated by any municipality, or jointly controlled and operated  
19 pursuant to the provisions of this chapter, shall, subject to federal  
20 and state laws, rules, and regulations, including sections 2, 3, and  
21 6 of this act, be under the exclusive jurisdiction and control of the  
22 municipality or municipalities controlling and operating it. The  
23 municipality or municipalities shall have concurrent jurisdiction  
24 over the adjacent territory described in RCW 14.08.120(~~((2))~~) (1)(b).  
25 No other municipality in which the airport or air navigation facility  
26 is located shall have any police jurisdiction of the same or any  
27 authority to charge or exact any license fees or occupation taxes for  
28 the operations. However, by agreement with the municipality operating  
29 and controlling the airport or air navigation facility, a  
30 municipality in which an airport or air navigation facility is  
31 located may be responsible for the administration and enforcement of  
32 the uniform fire code, as adopted by that municipality under RCW  
33 19.27.040, on that portion of any airport or air navigation facility  
34 located within its jurisdictional boundaries.

35 NEW SECTION. **Sec. 8.** This act takes effect January 1, 2026.

1        NEW SECTION.        **Sec. 9.**    If any provision of this act or its  
2 application to any person or circumstance is held invalid, the  
3 remainder of the act or the application of the provision to other  
4 persons or circumstances is not affected.

5        NEW SECTION.        **Sec. 10.**    Sections 2, 3, and 6 of this act  
6 constitute a new chapter in Title 19 RCW.

7        NEW SECTION.        **Sec. 11.**    If specific funding for the purposes of  
8 this act, referencing this act by bill or chapter number, is not  
9 provided by June 30, 2025, in the omnibus appropriations act, this  
10 act is null and void.

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