

# Propane

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## Propane made from crude oil

Propane made from crude oil is subject to the hazardous substance tax (HST).

Propane made from crude oil is *not subject* to the petroleum products tax (PPT). This is because propane is a liquefiable gas, which is excluded from this tax.

## Propane made from natural gas

Propane made from natural gas is *not subject* to HST or the PPT. This is because this propane is not made from crude oil for HST purposes, and it is an excluded liquefiable gas for PPT purposes.

## Propane sold in containers

Propane sold in bottles or containers to consumers is subject to retail sales tax and retailing business and occupation (B&O) tax. This is true whether the propane is made (derived) from crude oil or natural gas.

## Propane used in any motor vehicle

To encourage the use of nonpolluting fuels, the use of propane in any motor vehicle is subject to an annual license fee instead of fuel tax.

The annual license fee is based on the following schedule and formula:

Vehicle Tonnage (GVW)	Fee
0 - 6,000	\$45.00
6,001 - 10,000	\$45.00
10,001 - 18,000	\$80.00
18,001 - 28,000	\$110.00
28,001 - 36,000	\$150.00
36,001 and above	\$250.00

## Propane used to heat chicken structures

Propane used to heat chicken structures is exempt from retail sales tax.  
Retailing B&O tax is due.

### References

RCW 82.38.030 – Tax imposed – Rate – Incidence – Allocation of proceeds –  
Expiration of subsection

RCW 82.38.075 – Natural gas, compressed natural gas, propane – Annual  
license fee in lieu of special fuel tax for use in motor vehicles – Schedule –  
Decal or other identifying device

WAC 458-20-210 – Sales of tangible personal property for farming – Sales of  
agricultural products by farmers

RCW 82.08.910 – Exemptions – Propane or natural gas to heat chicken  
structures

WAC 458-20-126 – Sales of motor vehicle fuel, special fuel, and nonpolluting  
fuel



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