

# WASHINGTON Oil Marketer Association Report



**Lea McCullough**  
WA Association  
Executive Director



# WOMA WIRE

## What's Next for Washington State?

### Who's Really Driving Up the Cost of Fuel?

*When it comes to the price at the pump,* it's easy to point fingers at oil companies or fuel distributors — but the real story in Washington State is far more complex. State-imposed taxes and regulatory programs now account for nearly a third of the total cost of every gallon sold. Between the \$0.554 per gallon gasoline tax, \$0.584 per gallon diesel tax, the Cap-and-Invest carbon allowance costs (adding roughly 50–65 cents per

gallon), and layered fees like the B&O, LCFS, and Hazmat charges, Washington motorists are paying some of the highest government-imposed fuel costs in the nation. These state-driven add-ons far exceed the federal fuel tax and have turned the pump into a tax collection point — not just a refueling station. While families and businesses feel the pinch, policymakers continue to add new layers of cost in the name of climate policy, leaving consumers to shoulder the burden of Washington's expanding tax structure.

 Washington Oil Marketers Association

## THE REAL COST OF FUEL



Fuel Type	Price	Components
Gasoline	\$4.51	Federal Fuel Tax: 516.4 cpg B&O: 0.045 cpg LCFS: 0.016 cpg Hazmat Tax: 0.04 cpg  WA State Fuel Tax: 5.654 cpg  Cap and Invest Program: -5.5115 cpg  Cost of Crude Oil, Refining, Marketing and Distribution
Diesel	\$5.02	Federal Fuel Tax: 518.4 cpg B&O: 0.045 cpg LCFS: 0.024 cpg Hazmat Tax: 0.04 cpg  WA State Fuel Tax: 5.584 cpg  Cap and Invest Program: -5.6633 cpg  Cost of Crude Oil, Refining, Marketing and Distribution

\*\*Estimates are based on wholesale fuel costs at the rack, plus WA State Taxes and Fees, based on fuel costs on October 1, 2025.

## Preparing for the Penny Shortage: What Retailers Need to Know



At the recent NACS and EMA meetings, one of the more surprising — and pressing — topics of discussion was the emerging nationwide penny shortage. While it may sound minor at first glance, this development has significant implications for retailers, particularly convenience stores and fueling stations that handle large volumes of cash transactions each day.

### Background: Production Halt on the Penny

In January 2025, President Trump ordered the cessation of penny production, citing inefficiency and cost. The U.S. Department of the Treasury subsequently halted minting, and we're now beginning to see a measurable shortage of pennies in circulation. For retailers, that means increasing difficulty in sourcing enough pennies for everyday transactions — a small problem with potentially big operational impacts.

### Immediate Implications for Retailers

The most discussed temporary solution is rounding transactions to the nearest nickel. But this simple fix presents complex financial and regulatory challenges. Rounding up or down can create uneven results — and over time, those pennies can add up. It also raises questions around sales tax remittance, which varies from state to state and awaits formal guidance from revenue agencies.

## Washington Turns OFF the Agricultural Rebate for Climate Commitment Act

**This summer**, Washington quietly ended funding for a program that provided millions in rebates to farmers who paid surcharges under the state's Climate Commitment Act (CCA). The rebate fund, which launched in 2024, had reimbursed more than \$7.8 million to farmers and haulers of agricultural goods before it sunsetted on June 30, 2025.

While lawmakers promised a "simplified process," many agricultural users remain frustrated by confusion over where and how to purchase fuel exempt from the CCA's carbon allowance costs. The Department of Ecology has since created an online directory of exempt agricultural fuel retailers, but industry leaders continue to challenge the state's implementation in court.



Representative Tom Dent (R-Moses Lake), who authored House Bill 1912, says the work isn't finished:

*"This should be an easier way for farmers to avoid paying a surcharge — but the job isn't over yet."*

With funding cut from the 2025-27 budget, it's unclear how the exemption process will operate long-term. WOMA continues to monitor developments closely, advocating for fair and transparent implementation of all exemptions that impact fuel distributors and the customers they serve.

## Looking Ahead: Predictions for the 2026 Legislative Session

**As we head into another legislative year,** Washington faces a projected \$3-5 billion budget shortfall, setting the stage for another difficult session. Expect a renewed focus on revenue generation, tax adjustments, and regulatory expansion. Here are a few issues on WOMA's radar:

- **B&O Surcharge Repeal:** Rumors suggest the Legislature may revisit the exemptions secured for fuel retailers and wholesalers last year.
- **Employer Head Tax:** A proposal could target employers with payrolls exceeding \$7 million.
- **Wealth Tax:** Lawmakers may revisit a tax on individuals with adjusted income over \$1 million.

- **Minimum Wage & Worker Mandates:** Expect discussion of a "Workers Bill of Rights," potentially including predictive scheduling requirements.

WOMA will continue to represent members at every step — ensuring our industry's voice is heard in Olympia and that proposed measures are grounded in economic reality, not political theater.

## Celebrate the Season: WOMA Holiday Party

**Join us for our Annual WOMA Holiday Party** on December 11th at Top Golf in Renton — an evening of fun, food, and festive networking. It's the perfect opportunity to connect with industry friends and toast another year of resilience and progress.

**As 2025 draws to a close,** WOMA's commitment remains unchanged: to advocate fiercely, communicate transparently, and support the hardworking marketers who keep Washington moving. From navigating the penny shortage to defending fair energy policy, our collective voice continues to shape the future of this industry — one challenge (and one victory) at a time.

## Save the Date: 2026 Washington Energy & C-Store Conference

**Mark your calendars!** The Washington Energy and C-Store Conference returns to Suncadia Lodge & Resort, June 15-17, 2026. We're excited to bring back our popular Vendor Village,

expanded networking events, and a refreshed experience at the beautifully updated lodge. Stay tuned for early registration details coming this winter.

**Convention  
15-17, 2026**

