
Finance Committee

HB 2671

Brief Description: Clarifying the application of tax exemptions for vehicles powered by clean alternative fuels.

Sponsors: Representatives Magendanz, Carlyle, Manweller, Fey, Warnick, Sawyer, Morris, Gregerson, Hansen, Condotta, Muri, Tharinger, Morrell, Wylie, Haler, Fitzgibbon, S. Hunt, Tarleton, Freeman, Ortiz-Self and Moscoso.

Brief Summary of Bill

- Clarifies the application of the sales and use tax exemption for vehicles powered by clean alternative fuels.

Hearing Date: 2/4/14

Staff: Richelle Geiger (786-7175).

Background:

Retail and Use Tax.

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use taxes applies to the value of property, digital products, or services when used in this state. The state, most cities and all counties levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.1 percent, depending on the location.

Alternative fuel vehicles.

Alternative fuel vehicles include cars, trucks, motorcycles and other modes of transportation powered by resources other than petroleum products. They often produce less pollution than similar gasoline or diesel powered vehicles. The federal government and, under current law, Washington offer tax incentives to encourage consumers to purchase alternative fuel vehicles.

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Summary of Bill:

Vehicles directly powered by clean alternative fuel are exempt from sales and use tax. The "direct power" source of a vehicle provides power to the vehicle's drive train. A drive train is the system of components that transfer power to the wheels of the vehicle. Vehicles with an auxiliary source of power used to regenerate a battery that acts as a direct source of power to a drive train are eligible for the exemption.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.