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**SENATE BILL 5333**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** Senators Mullet, Litzow, Hill, McCoy, Keiser, and Jayapal

AN ACT Relating to extending the sales and use tax exemption for clean alternative fuel vehicles; amending RCW 46.17.323, 82.08.809, and 82.12.809; amending 2012 c 74 ss 11 and 12 (uncodified); adding new sections to chapter 82.44 RCW; adding a new section to chapter 82.32 RCW; creating new sections; providing an effective date; and declaring an emergency.

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

NEW SECTION. **Sec.**  The legislature finds that electric vehicles will play a critical role in the transportation system of our state's future. The ability for a person to be assured that their vehicle can safely travel across the state is a key component in the continued development of a first-class transportation system. Electric vehicle charging infrastructure must be developed along critical transportation routes to provide citizens a safe and reliable method of travel that will not leave them stranded without adequate charging opportunities. Additionally, electric vehicles will play an important role in our state reaching air quality standards. The transportation sector is one of the largest air polluters in Washington and the expansion of the use of electric vehicles is a significant component in transitioning our vehicle fleets to a cleaner technology thereby reducing air pollution. Without an adequate electric vehicle charging infrastructure, it will be a difficult and slow transition. Our state needs to invest in the development of this critical transportation infrastructure to bring the vehicle fleet into the twenty-first century.

NEW SECTION. **Sec.**  A new section is added to chapter 82.44 RCW to read as follows:

The electric vehicle charging infrastructure bank is created and must be administered by the department of transportation. The purpose of the infrastructure bank is to provide low-interest loans or grants to public or private entities to install electric vehicle charging infrastructure along public highways of the state. The department may develop rules to administer the program and set the loan repayment or grant terms.

NEW SECTION. **Sec.**  A new section is added to chapter 82.44 RCW to read as follows:

The electric vehicle charging infrastructure account is created in the transportation infrastructure account. Proceeds from the electric vehicle fee collected under RCW 46.17.323 and the sales and use tax collected pursuant to chapters 82.08 and 82.12 RCW on electric vehicles must be deposited into the account. Principal and interest payments made on loans from the account must be deposited into the account. Moneys in the account must be available for purposes specified in section 2 of this act. Expenditures from the transportation infrastructure account are subject to appropriation by the legislature.

**Sec.**  RCW 46.17.323 and 2012 c 74 s 10 are each amended to read as follows:

(1) Before accepting an application for an annual vehicle registration renewal for an electric vehicle that uses propulsion units powered solely by electricity, the department, county auditor or other agent, or subagent appointed by the director must require the applicant to pay a one hundred dollar fee in addition to any other fees and taxes required by law. The one hundred dollar fee is due only at the time of annual registration renewal.

(2) This section only applies to:

(a) A vehicle that is designed to have the capability to drive at a speed of more than thirty‑five miles per hour; and

(b) An annual vehicle registration renewal that is due on or after February 1, 2013.

(3)((~~(a)~~)) The fee under this section is imposed to provide ((~~funds to mitigate the impact of vehicles on state roads and highways and for the purpose of evaluating the feasibility of transitioning from a revenue collection system based on fuel taxes to a road user assessment system~~))a funding source to assist in the development of the electric vehicle charging infrastructure, and is separate and distinct from other vehicle license fees. Proceeds from the fee must be ((~~used for highway purposes, and must be deposited in the motor vehicle fund created in RCW 46.68.070, subject to (b) of this subsection.~~

~~(b) If in any year the amount of proceeds from the fee collected under this section exceeds one million dollars, the excess amount over one million dollars must be deposited as follows:~~

~~(i) Seventy percent to the motor vehicle fund created in RCW 46.68.070;~~

~~(ii) Fifteen percent to the transportation improvement account created in RCW 47.26.084; and~~

~~(iii) Fifteen percent to the rural arterial trust account created in RCW 36.79.020~~))deposited into the electric vehicle charging infrastructure account created in section 3 of this act.

NEW SECTION. **Sec.**  This section is the tax preference performance statement for the tax preference contained in sections 6 and 7 of this act. The performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(1) The legislature categorizes the tax preference as one intended to induce certain designated behavior by taxpayers, as indicated in RCW 82.32.808(2)(a).

(2) It is the legislature's specific public policy objective to increase the use of clean alternative fuel vehicles in Washington. It is the legislature's intent to extend the existing sales and use tax exemption on clean alternative fuel vehicles in order to reduce the price charged to customers for clean alternative fuel vehicles.

(3) If a review finds that the number of clean alternative fuel vehicles in Washington have increased by twenty percent compared to the number at the time of enactment, then the legislature intends to extend the expiration date of the tax preference.

(4) In order to obtain the data necessary to perform the review in subsection (3) of this section, the department of licensing must provide data needed for the joint legislative audit and review committee analysis. In addition to the data source described under this subsection, the joint legislative audit and review committee may use any other data it deems necessary.

**Sec.**  RCW 82.08.809 and 2010 1st sp.s. c 11 s 2 are each amended to read as follows:

(1)(a) The tax levied by RCW 82.08.020 does not apply to ((~~sales~~))the first forty-five thousand dollars in selling price of new passenger cars, light duty trucks, and medium duty passenger vehicles, which are exclusively powered by a clean alternative fuel.

(b) The tax levied by RCW 82.08.020 does not apply to ((~~sales~~))the first forty-five thousand dollars in selling price of qualifying used passenger cars, light duty trucks, and medium duty passenger vehicles, which were modified after their initial purchase, with an EPA certified conversion to be exclusively powered by a clean alternative fuel. "Qualifying used passenger cars, light duty trucks, and medium duty passenger vehicles" means vehicles that:

(i) Are part of a fleet of at least five vehicles, all owned by the same person;

(ii) Have an odometer reading of less than thirty thousand miles;

(iii) Are less than two years past their original date of manufacture; and

(iv) Are being sold for the first time after modification.

(2) The seller must keep records necessary for the department to verify eligibility under this section.

(3) As used in this section, "clean alternative fuel" means natural gas, propane, hydrogen, or electricity, when used as a fuel in a motor vehicle that meets the California motor vehicle emission standards in Title 13 of the California code of regulations, effective January 1, 2005, and the rules of the Washington state department of ecology.

(4) This section expires July 1, ((~~2015~~))2021.

**Sec.**  RCW 82.12.809 and 2010 1st sp.s. c 11 s 3 are each amended to read as follows:

(1)(a) Until July 1, ((~~2015~~))2021, the provisions of this chapter do not apply in respect to the first forty-five thousand dollars of value on the use of new passenger cars, light duty trucks, and medium duty passenger vehicles, which are exclusively powered by a clean alternative fuel.

(b) Until July 1, ((~~2015~~))2021, the provisions of this chapter do not apply to the first forty-five thousand dollars of value on the use of qualifying used passenger cars, light duty trucks, and medium duty passenger vehicles, which were modified after their initial purchase with an EPA certified conversion to be exclusively powered by a clean alternative fuel. As used in this subsection, "qualifying used passenger cars, light duty trucks, and medium duty passenger vehicles" has the same meaning as provided in RCW 82.08.809.

(2) "Clean alternative fuel" has the same meaning as provided in RCW 82.08.809.

(3) A taxpayer is not liable for the tax imposed in RCW 82.12.020 on the first forty-five thousand dollars of value on the use, on or after July 1, ((~~2015~~))2021, of a passenger car, light duty truck, or medium duty passenger vehicle exclusively powered by a clean alternative fuel, if the taxpayer used such vehicle in this state before July 1, ((~~2015~~))2021, and the use was exempt under this section from the tax imposed in RCW 82.12.020.

NEW SECTION. **Sec.**  A new section is added to chapter 82.32 RCW to read as follows:

Each calendar quarter the department must determine the amount of the state sales tax collected from the sales of clean alternative vehicles powered by electricity. The month following each calendar quarter the department must notify the state treasurer of the amount of sales tax collected for the calendar quarter and the treasurer must transfer the amount from the general fund into the electric vehicle charging infrastructure account created in section 3 of this act.

**Sec.**  2012 c 74 s 11 (uncodified) is amended to read as follows:

((~~Section 10 of this act expires~~))Section 4, chapter ..., Laws of 2015 (section 4 of this act) and section 10, chapter 74, Laws of 2012 expire on the effective date of legislation enacted by the legislature that imposes a vehicle miles traveled fee or tax.

**Sec.**  2012 c 74 s 12 (uncodified) is amended to read as follows:

The department of licensing must provide written notice of the expiration date of ((~~section 10 of this act~~))section 4, chapter ..., Laws of 2015 (section 4 of this act) and section 10, chapter 74, Laws of 2012 to affected parties, the chief clerk of the house of representatives, the secretary of the senate, the office of the code reviser, and others as deemed appropriate by the department.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2015.

**--- END ---**