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**HOUSE BILL 2486**

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**State of Washington 66th Legislature 2020 Regular Session**

**By** Representatives Lekanoff, Fitzgibbon, Leavitt, Doglio, Ramel, and Hudgins; by request of Governor Inslee

AN ACT Relating to extending the electric marine battery incentive; amending RCW 82.08.996 and 82.12.996; amending 2019 c 287 s 20 (uncodified); providing an effective date; and providing expiration dates.

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

**Sec.**  RCW 82.08.996 and 2019 c 287 s 21 are each amended to read as follows:

(1) The tax imposed by RCW 82.08.020 does not apply to:

(a) The sale of new battery-powered electric marine propulsion systems with continuous power greater than fifteen kilowatts.

(b) The sale of new vessels equipped with propulsion systems that qualify under (a) of this subsection.

(2) Sellers may make tax exempt sales under this section only if the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files.

(3) On the last day of January, April, July, and October of each year, the state treasurer, based upon information provided by the department, must transfer from the multimodal transportation account to the general fund a sum equal to the dollar amount that would otherwise have been deposited into the general fund during the prior calendar quarter but for the exemption provided in this section. Information provided by the department to the state treasurer must be based on the best available data, except that the department may provide estimates of taxes exempted under this section until such time as retailers are able to report such exempted amounts on their tax returns.

(4) For the purposes of this section:

(a) "Battery-powered electric marine propulsion system" means a fully electric outboard or inboard motor used by vessels, the sole source of propulsive power of which is the energy stored in the battery packs. The term includes required accessories, such as throttles, displays, and battery packs; and

(b) "Vessel" includes every watercraft, other than a seaplane, used or capable of being used as a means of transportation on the water.

(5) This section expires July 1, ((~~2025~~)) 2035.

**Sec.**  RCW 82.12.996 and 2019 c 287 s 22 are each amended to read as follows:

(1) The tax imposed by RCW 82.12.020 does not apply to the use of:

(a) New battery-powered electric marine propulsion systems with continuous power greater than fifteen kilowatts; and

(b) New vessels equipped with propulsion systems that qualify under (a) of this subsection.

(2) Sellers may make tax exempt sales under this section only if the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files.

(3) On the last day of January, April, July, and October of each year, the state treasurer, based upon information provided by the department, must transfer from the multimodal transportation account to the general fund a sum equal to the dollar amount that would otherwise have been deposited into the general fund during the prior calendar quarter but for the exemption provided in this section. Information provided by the department to the state treasurer must be based on the best available data, except that the department may provide estimates of taxes exempted under this section until such time as retailers are able to report such exempted amounts on their tax returns.

(4) For the purposes of this section, "battery-powered electric marine propulsion system" and "vessel" have the same meanings as provided in ((~~section 22 of this act~~)) RCW 82.08.996.

(5) This section expires July 1, ((~~2025~~)) 2035.

**Sec.**  2019 c 287 s 20 (uncodified) is amended to read as follows:

This section is the tax preference performance statement for the tax preferences contained in sections 1 and 2, chapter . . ., Laws of 2020 (sections 1 and 2 of this act) and sections 21 and 22, chapter 287, Laws of 2019. 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 preferences as ones 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 electric vessels in Washington. It is the legislature's intent to establish a sales and use tax exemption on certain electric vessels in order to reduce the price charged to customers for electric vessels.

(3) To measure the effectiveness of the tax preferences in sections 1 and 2, chapter . . ., Laws of 2020 (sections 1 and 2 of this act) and sections 21 and 22, chapter 287, Laws of 2019 in achieving the public policy objectives described in subsection (2) of this section, the joint legislative audit and review committee must evaluate the number of electric vessels titled in the state.

(4) In order to obtain the data necessary to perform the review in subsection (3) of this section, the department of licensing and the department of revenue 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.

NEW SECTION. **Sec.**  This act takes effect July 1, 2020.

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