
HOUSE BILL 2653

State of Washington 65th Legislature 2018 Regular Session

By Representatives Fey, Orcutt, and McBride

Read first time 01/11/18. Referred to Committee on Transportation.

1 AN ACT Relating to modifying the alternative fuel vehicle sales
2 and use tax exemptions for the purposes of expanding the exemptions
3 and amending related provisions; amending RCW 82.08.809; reenacting
4 RCW 82.12.809; creating a new section; and declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** This section is the tax preference
7 performance statement for the tax preferences contained in sections 2
8 and 3, chapter . . ., Laws of 2018 (sections 2 and 3 of this act).
9 The performance statement is only intended to be used for subsequent
10 evaluation of the tax preferences. It is not intended to create a
11 private right of action by any party or be used to determine
12 eligibility for preferential tax treatment.

13 (1) The legislature categorizes the tax preferences as ones
14 intended to induce certain designated behavior by taxpayers, as
15 indicated in RCW 82.32.808(2)(a).

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

1 (3) To measure the effectiveness of the tax preferences in
2 sections 2 and 3, chapter . . ., Laws of 2018 (sections 2 and 3 of
3 this act) in achieving the public policy objectives described in
4 subsection (2) of this section, the joint legislative audit and
5 review committee must evaluate the number of clean alternative fuel
6 vehicles titled in the state.

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

13 **Sec. 2.** RCW 82.08.809 and 2016 sp.s. c 32 s 2 are each amended
14 to read as follows:

15 (1)(a) Except as provided in subsection (4) of this section, the
16 tax levied by RCW 82.08.020 does not apply to sales of new passenger
17 cars, light duty trucks, and medium duty passenger vehicles, which
18 (i) are exclusively powered by a clean alternative fuel or (ii) use
19 at least one method of propulsion that is capable of being
20 reenergized by an external source of electricity and are capable of
21 traveling at least thirty miles using only battery power.

22 (b) Beginning with sales made or lease agreements signed on or
23 after July 1, 2016, the exemption in this section is only applicable
24 for up to thirty-two thousand dollars of a vehicle's selling price or
25 the total lease payments made plus the selling price of the leased
26 vehicle if the original lessee purchases the leased vehicle before
27 the expiration of the exemption as described in subsection (6) of
28 this section.

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

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

37 (4)(a) A sale, other than a lease, of a vehicle identified in
38 subsection (1)(a) of this section made on or after July 15, 2015, and
39 before July 1, 2016, is not exempt from sales tax as described under

1 subsection (1) of this section if the selling price of the vehicle
2 plus trade-in property of like kind exceeds thirty-five thousand
3 dollars.

4 (b) A sale, other than a lease, of a vehicle identified in
5 subsection (1)(a) of this section made on or after July 1, 2016, and
6 before the expiration of the exemption as described in subsection (6)
7 of this section, is not exempt from sales tax as described under
8 subsection (1)(b) of this section if, at the time of sale, the lowest
9 manufacturer's suggested retail price, as determined in rule by the
10 department of licensing pursuant to chapter 34.05 RCW, for the base
11 model is more than forty-two thousand five hundred dollars.

12 (c) For leased vehicles for which the lease agreement was signed
13 before July 1, 2015, lease payments are exempt from sales tax as
14 described under subsection (1)(a) of this section regardless of the
15 vehicle's fair market value at the inception of the lease.

16 (d) For leased vehicles identified in subsection (1)(a) of this
17 section for which the lease agreement is signed on or after July 15,
18 2015, and before July 1, 2016, lease payments are not exempt from
19 sales tax if the fair market value of the vehicle being leased
20 exceeds thirty-five thousand dollars at the inception of the lease.
21 For the purposes of this subsection (4), "fair market value" has the
22 same meaning as "value of the article used" in RCW 82.12.010.

23 (e) For leased vehicles identified in subsection (1)(a) of this
24 section for which the lease agreement is signed on or after July 1,
25 2016, and before the expiration of the exemption as described in
26 subsection (6) of this section, lease payments are not exempt from
27 sales tax as described under subsection (1)(b) of this section if, at
28 the inception of the lease, the lowest manufacturer's suggested
29 retail price, as determined in rule by the department of licensing
30 pursuant to chapter 34.05 RCW, for the base model is more than forty-
31 two thousand five hundred dollars.

32 (f) The department of licensing must maintain and publish a list
33 of all vehicle models qualifying for the sales tax exemption under
34 this section until the expiration of the exemption as described in
35 subsection (6) of this section.

36 (5) On the last day of January, April, July, and October of each
37 year, the state treasurer, based upon information provided by the
38 department, must transfer from the multimodal transportation account
39 to the general fund a sum equal to the dollar amount that would
40 otherwise have been deposited into the general fund during the prior

1 calendar quarter but for the exemption provided in this section.
2 Information provided by the department to the state treasurer must be
3 based on the best available data, except that the department may
4 provide estimates of taxes exempted under this section until such
5 time as retailers are able to report such exempted amounts on their
6 tax returns. For purposes of this section, the first transfer for the
7 calendar quarter after July 15, 2015, must be calculated assuming
8 only those revenues that should have been deposited into the general
9 fund beginning July 1, 2015.

10 ~~(6)(a) ((The exemption under this section expires, effective with~~
11 ~~sales of vehicles delivered to the buyer or leased vehicles for which~~
12 ~~the lease agreement was signed, after the last day of the calendar~~
13 ~~month immediately following the month the department receives notice~~
14 ~~from the department of licensing under subsection (7)(b) of this~~
15 ~~section. All leased vehicles that qualified for the exemption before~~
16 ~~the expiration of the exemption must continue to receive the~~
17 ~~exemption as described under subsection (1)(b) of this section on~~
18 ~~lease payments due through the remainder of the lease.~~

19 ~~(b) Upon receiving notice from the department of licensing under~~
20 ~~subsection (7)(b) of this section, the department must provide notice~~
21 ~~as soon as is practicable on its web site of the expiration date of~~
22 ~~the exemption under this section.~~

23 ~~(c) For purposes of this subsection, even if the department of~~
24 ~~licensing provides the department with notice under subsection (7)(b)~~
25 ~~of this section before the end of the fifth working day of the month~~
26 ~~notice is required, the notice is deemed to have been received by the~~
27 ~~department at the end of the fifth working day of the month notice is~~
28 ~~required.~~

29 ~~(d) If, by the end of the fifth working day of May 2019, the~~
30 ~~department has not received notice from the department of licensing~~
31 ~~under subsection (7)(b) of this section,)) The exemption under this
32 section expires effective with sales of vehicles delivered to the
33 buyer or leased vehicles for which the lease agreement was signed
34 after June 30, ((2019)) 2021. All leased vehicles that qualified for
35 the exemption before the expiration of the exemption must continue to
36 receive the exemption as described under subsection (1)(b) of this
37 section on lease payments due through the remainder of the lease.~~

38 ~~((e))~~ (b) Nothing in this subsection (6) may be construed to
39 affect the validity of any exemption properly allowed by a seller
40 under this section before the expiration of the exemption as

1 described in (a) of this subsection and reported to the department on
2 returns filed after the expiration of the exemption.

3 ~~((f))~~ (c) Nothing in this subsection (6) may be construed to
4 allow an exemption under this section for the purchase of a
5 qualifying vehicle by the original lessee of the vehicle after the
6 expiration of the exemption as provided in (a) of this subsection.

7 (7)~~((a))~~ By the end of the fifth working day of each month,
8 until the expiration of the exemption as described in subsection (6)
9 of this section, the department of licensing must determine the
10 cumulative number of qualifying vehicles titled on or after July 15,
11 2015, and provide notice of the cumulative number of these vehicles
12 to the department.

13 ~~((b) The department of licensing must notify the department once
14 the cumulative number of qualifying vehicles titled in the state on
15 or after July 15, 2015, equals or exceeds seven thousand five
16 hundred.~~

17 ~~(8) By the last day of July 2016, and every six months thereafter
18 until the expiration of the exemption as described in subsection (6)
19 of this section, based on the best available data, the department
20 must report the following information to the transportation
21 committees of the legislature: The cumulative number of qualifying
22 vehicles titled in the state on or after July 15, 2015, as reported
23 to it by the department of licensing; and the dollar amount of all
24 state retail sales and use taxes exempted on or after July 15, 2015,
25 under this section and RCW 82.12.809.~~

26 ~~(9))~~ (8) For purposes of this section, "qualifying vehicle"
27 means a vehicle qualifying for the exemption under this section or
28 RCW 82.12.809 in which the sale was made or the lease agreement was
29 signed on or after July 15, 2015.

30 **Sec. 3.** RCW 82.12.809 and 2016 sp.s. c 32 s 3 are each reenacted
31 to read as follows:

32 (1)(a) Except as provided in subsection (4) of this section, the
33 provisions of this chapter do not apply in respect to the use of new
34 passenger cars, light duty trucks, and medium duty passenger
35 vehicles, which (i) are exclusively powered by a clean alternative
36 fuel or (ii) use at least one method of propulsion that is capable of
37 being reenergized by an external source of electricity and are
38 capable of traveling at least thirty miles using only battery power.

1 (b) Beginning with purchases made or lease agreements signed on
2 or after July 1, 2016, the exemption in this section is only
3 applicable for up to thirty-two thousand dollars of a vehicle's
4 purchase price or the total lease payments made plus the purchase
5 price of the leased vehicle if the original lessee purchases the
6 leased vehicle before the expiration of the exemption as described in
7 RCW 82.08.809(6).

8 (2) The definitions in RCW 82.08.809 apply to this section.

9 (3) A taxpayer is not liable for the tax imposed in RCW 82.12.020
10 on the use, on or after the expiration of the exemption as described
11 in RCW 82.08.809(6), of a passenger car, light duty truck, or medium
12 duty passenger vehicle that is exclusively powered by a clean
13 alternative fuel or uses at least one method of propulsion that is
14 capable of being reenergized by an external source of electricity and
15 is capable of traveling at least thirty miles using only battery
16 power, if the taxpayer used such vehicle in this state before the
17 expiration of the exemption as described in RCW 82.08.809(6), and the
18 use was exempt under this section from the tax imposed in RCW
19 82.12.020.

20 (4)(a) For vehicles identified in subsection (1)(a) of this
21 section purchased on or after July 1, 2016, and before the expiration
22 of the exemption as described in RCW 82.08.809(6), or for leased
23 vehicles identified in subsection (1)(a) of this section for which
24 the lease agreement was signed on or after July 1, 2016, and before
25 the expiration of the exemption as described in RCW 82.08.809(6), a
26 vehicle is not exempt from use tax as described under subsection
27 (1)(b) of this section if, at the time the tax is imposed for
28 purchased vehicles or at the inception of the lease for leased
29 vehicles, the lowest manufacturer's suggested retail price, as
30 determined in rule by the department of licensing pursuant to chapter
31 34.05 RCW, for the base model is more than forty-two thousand five
32 hundred dollars.

33 (b) For vehicles identified in subsection (1)(a) of this section
34 purchased on or after July 15, 2015, and before July 1, 2016, or for
35 leased vehicles identified in subsection (1)(a) of this section for
36 which the lease agreement was signed on or after July 15, 2015, and
37 before July 1, 2016, a vehicle is not exempt from use tax if the fair
38 market value of the vehicle exceeds thirty-five thousand dollars at
39 the time the tax is imposed for purchased vehicles, or at the
40 inception of the lease for leased vehicles.

1 (c) For leased vehicles for which the lease agreement was signed
2 before July 1, 2015, lease payments are exempt from use tax as
3 described under subsection (1)(a) of this section regardless of the
4 vehicle's fair market value at the inception of the lease.

5 (5) On the last day of January, April, July, and October of each
6 year, the state treasurer, based upon information provided by the
7 department, must transfer from the multimodal transportation account
8 to the general fund a sum equal to the dollar amount that would
9 otherwise have been deposited into the general fund during the prior
10 calendar quarter but for the exemption provided in this section.
11 Information provided by the department to the state treasurer must be
12 based on the best available data. For purposes of this section, the
13 first transfer for the calendar quarter after July 15, 2015, must be
14 calculated assuming only those revenues that should have been
15 deposited into the general fund beginning July 1, 2015.

16 (6)(a) The exemption provided under this section does not apply
17 to the use of new passenger cars, light duty trucks, and medium duty
18 passenger vehicles, or lease payments due on such vehicles, if the
19 date of sale of the vehicle from the seller to the buyer occurred or
20 the lease agreement was signed after the expiration of the exemption
21 as provided in RCW 82.08.809(6).

22 (b) All leased vehicles that qualified for the exemption before
23 the expiration of the exemption must continue to receive the
24 exemption as described under subsection (1)(b) of this section on
25 lease payments due through the remainder of the lease.

26 (c) Nothing in this subsection (6) may be construed to allow an
27 exemption under this section for the purchase of a qualifying vehicle
28 by the original lessee of the vehicle after the expiration of the
29 exemption.

30 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
31 preservation of the public peace, health, or safety, or support of
32 the state government and its existing public institutions, and takes
33 effect immediately.

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