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**SUBSTITUTE SENATE BILL 5492**

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**State of Washington**

**57th Legislature**

**2001 Regular Session**

**By** Senate Committee on Environment, Energy & Water (originally sponsored by Senators Patterson, Carlson, Regala, Fraser, Horn, Haugen, Jacobsen and Kohl-Welles)

READ FIRST TIME 03/05/2001.

1 AN ACT Relating to providing incentives to reduce air pollution  
2 through the use of clean alternative fuel vehicles; amending RCW  
3 70.94.030, 82.38.020, 82.38.030, and 82.38.075; adding new sections to  
4 chapter 70.94 RCW; adding new sections to chapter 82.04 RCW; adding a  
5 new section to chapter 82.08 RCW; adding a new section to chapter 82.12  
6 RCW; repealing RCW 43.19.637; providing effective dates; and providing  
7 an expiration date.

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

9 NEW SECTION. **Sec. 1.** A new section is added to chapter 70.94 RCW  
10 to read as follows:

11 The legislature finds that Washington state faces threats to its  
12 economic vitality, public health, and environment from the ongoing and  
13 increasing use of gasoline and diesel fuels in motor vehicles. Motor  
14 vehicle emissions from petroleum fuels account for more than half of  
15 all air pollutants and almost sixty percent of total carbon dioxide  
16 emissions in Washington. The legislature finds it is important to  
17 begin addressing the negative impacts of continued gasoline and diesel  
18 fuel use. Addressing motor vehicle emissions is further needed because  
19 of the expected increases in population and vehicle miles traveled,

1 which threaten to erode air quality gains made over the last decade.  
2 To make net progress in improving air quality, reducing the threat of  
3 climate change, and protecting public health and the environment, the  
4 legislature finds it is necessary to encourage the use of clean  
5 alternative fuel vehicles.

6       **Sec. 2.** RCW 70.94.030 and 1993 c 252 s 2 are each amended to read  
7 as follows:

8       Unless a different meaning is plainly required by the context, the  
9 following words and phrases as hereinafter used in this chapter shall  
10 have the following meanings:

11       (1) "Air contaminant" means dust, fumes, mist, smoke, other  
12 particulate matter, vapor, gas, odorous substance, or any combination  
13 thereof.

14       (2) "Air pollution" is presence in the outdoor atmosphere of one or  
15 more air contaminants in sufficient quantities and of such  
16 characteristics and duration as is, or is likely to be, injurious to  
17 human health, plant or animal life, or property, or which unreasonably  
18 interfere with enjoyment of life and property. For the purpose of this  
19 chapter, air pollution shall not include air contaminants emitted in  
20 compliance with chapter 17.21 RCW.

21       (3) "Air quality standard" means an established concentration,  
22 exposure time, and frequency of occurrence of an air contaminant or  
23 multiple contaminants in the ambient air which shall not be exceeded.

24       (4) "Ambient air" means the surrounding outside air.

25       (5) "Authority" means any air pollution control agency whose  
26 jurisdictional boundaries are coextensive with the boundaries of one or  
27 more counties.

28       (6) "Best available control technology" (BACT) means an emission  
29 limitation based on the maximum degree of reduction for each air  
30 pollutant subject to regulation under this chapter emitted from or that  
31 results from any new or modified stationary source, that the permitting  
32 authority, on a case-by-case basis, taking into account energy,  
33 environmental, and economic impacts and other costs, determines is  
34 achievable for such a source or modification through application of  
35 production processes and available methods, systems, and techniques,  
36 including fuel cleaning, clean fuels, or treatment or innovative fuel  
37 combustion techniques for control of each such a pollutant. In no  
38 event shall application of "best available control technology" result

1 in emissions of any pollutants that will exceed the emissions allowed  
2 by any applicable standard under 40 C.F.R. Part 60 and Part 61, as they  
3 exist on July 25, 1993, or their later enactments as adopted by  
4 reference by the director by rule. Emissions from any source utilizing  
5 clean fuels, or any other means, to comply with this subsection shall  
6 not be allowed to increase above levels that would have been required  
7 under the definition of BACT as it existed prior to enactment of the  
8 (~~(federal)~~) federal clean air act amendments of 1990.

9 (7) "Best available retrofit technology" (BART) means an emission  
10 limitation based on the degree of reduction achievable through the  
11 application of the best system of continuous emission reduction for  
12 each pollutant that is emitted by an existing stationary facility. The  
13 emission limitation must be established, on a case-by-case basis,  
14 taking into consideration the technology available, the costs of  
15 compliance, the energy and nonair quality environmental impacts of  
16 compliance, any pollution control equipment in use or in existence at  
17 the source, the remaining useful life of the source, and the degree of  
18 improvement in visibility that might reasonably be anticipated to  
19 result from the use of the technology.

20 (8) "Board" means the board of directors of an authority.

21 (9) "Clean alternative fuel vehicle" means a motor vehicle, as  
22 defined in RCW 46.04.320, originally designed and equipped by the  
23 manufacturer to operate: (a) Exclusively on alternative fuels; (b) as  
24 a hybrid vehicle powered by a combination of an electric motor and an  
25 engine powered by gasoline, diesel, or an alternative fuel, that has an  
26 average estimated fuel economy rating, as determined by the  
27 environmental protection agency's national vehicle and fuel emissions  
28 laboratory, of at least forty miles per gallon; or (c) as a fuel cell  
29 vehicle powered by gasoline or an alternative fuel. Vehicles less than  
30 twelve thousand pounds gross vehicle weight must also meet or exceed  
31 the federal emission standards for ultralow emission vehicles. For  
32 purposes of this subsection, "alternative fuels" are defined as natural  
33 gas, propane, hydrogen, and electricity.

34 (10) "Control officer" means the air pollution control officer of  
35 any authority.

36 (~~(10)~~) (11) "Department" or "ecology" means the department of  
37 ecology.

38 (~~(11)~~) (12) "Emission" means a release of air contaminants into  
39 the ambient air.

1       (~~(12)~~) (13) "Emission standard" and "emission limitation" mean a  
2 requirement established under the federal clean air act or this chapter  
3 that limits the quantity, rate, or concentration of emissions of air  
4 contaminants on a continuous basis, including any requirement relating  
5 to the operation or maintenance of a source to assure continuous  
6 emission reduction, and any design, equipment, work practice, or  
7 operational standard adopted under the federal clean air act or this  
8 chapter.

9       (~~(13)~~) (14) "Lowest achievable emission rate" (LAER) means for  
10 any source that rate of emissions that reflects:

11       (a) The most stringent emission limitation that is contained in the  
12 implementation plan of any state for such class or category of source,  
13 unless the owner or operator of the proposed source demonstrates that  
14 such limitations are not achievable; or

15       (b) The most stringent emission limitation that is achieved in  
16 practice by such class or category of source, whichever is more  
17 stringent.

18       In no event shall the application of this term permit a proposed  
19 new or modified source to emit any pollutant in excess of the amount  
20 allowable under applicable new source performance standards.

21       (~~(14)~~) (15) "Modification" means any physical change in, or  
22 change in the method of operation of, a stationary source that  
23 increases the amount of any air contaminant emitted by such source or  
24 that results in the emission of any air contaminant not previously  
25 emitted. The term modification shall be construed consistent with the  
26 definition of modification in Section 7411, Title 42, United States  
27 Code, and with rules implementing that section.

28       (~~(15)~~) (16) "Multicounty authority" means an authority which  
29 consists of two or more counties.

30       (~~(16)~~) (17) "New source" means (a) the construction or  
31 modification of a stationary source that increases the amount of any  
32 air contaminant emitted by such source or that results in the emission  
33 of any air contaminant not previously emitted, and (b) any other  
34 project that constitutes a new source under the federal clean air act.

35       (~~(17)~~) (18) "Permit program source" means a source required to  
36 apply for or to maintain an operating permit under RCW 70.94.161.

37       (~~(18)~~) (19) "Person" means an individual, firm, public or private  
38 corporation, association, partnership, political subdivision of the  
39 state, municipality, or governmental agency.

1       (~~(19)~~) (20) "Reasonably available control technology" (RACT)  
2 means the lowest emission limit that a particular source or source  
3 category is capable of meeting by the application of control technology  
4 that is reasonably available considering technological and economic  
5 feasibility. RACT is determined on a case-by-case basis for an  
6 individual source or source category taking into account the impact of  
7 the source upon air quality, the availability of additional controls,  
8 the emission reduction to be achieved by additional controls, the  
9 impact of additional controls on air quality, and the capital and  
10 operating costs of the additional controls. RACT requirements for a  
11 source or source category shall be adopted only after notice and  
12 opportunity for comment are afforded.

13       (~~(20)~~) (21) "Silvicultural burning" means burning of wood fiber  
14 on forest land consistent with the provisions of RCW 70.94.660.

15       (~~(21)~~) (22) "Source" means all of the emissions units including  
16 quantifiable fugitive emissions, that are located on one or more  
17 contiguous or adjacent properties, and are under the control of the  
18 same person, or persons under common control, whose activities are  
19 ancillary to the production of a single product or functionally related  
20 group of products.

21       (~~(22)~~) (23) "Stationary source" means any building, structure,  
22 facility, or installation that emits or may emit any air contaminant.

23       NEW SECTION. Sec. 3. A new section is added to chapter 82.04 RCW  
24 to read as follows:

25       (1) Persons who are taxable under this chapter may take a credit  
26 for the purchase, or the lease for a period of at least three years, of  
27 new clean alternative fuel vehicles as defined in RCW 70.94.030(9)(a),  
28 (b), or (c), if the vehicles are exclusively used in business  
29 operations. The credit shall be based upon the following schedule:

30	VEHICLE TONNAGE	CREDIT
31	Less than 12,000 pounds gross	25 percent of the base cost
32	vehicle weight	or \$5,000, whichever is less
33	Over 12,000 pounds gross	25 percent of the base cost
34	vehicle weight	or \$20,000, whichever is less

35       (2) The credit may not exceed the amount of tax that would  
36 otherwise be due under this chapter. The credit may be accrued and  
37 carried over until it is used. Refunds shall not be granted in place

1 of credits. The maximum amount of credit under this section that may  
2 be claimed, by each person, for any calendar year shall not exceed two  
3 hundred thousand dollars.

4 (3) Tax credit may not be claimed for expenditures that occurred  
5 before the effective date of this section or expenditures that occur  
6 after the date specified in section 6 of this act.

7 (4) The tax credit for vehicles defined under RCW 70.94.030(9)(b)  
8 expires June 30, 2003.

9 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.04 RCW  
10 to read as follows:

11 (1) Persons who are taxable under this chapter and provide  
12 financial assistance for the purchase, or the lease for a period of at  
13 least three years, of new clean alternative fuel vehicles as defined in  
14 RCW 70.94.030 to school districts, transit agencies, and local  
15 governments may take a credit for amounts paid, if the vehicles are  
16 used for public transit. School buses are considered public transit  
17 for purposes of this section.

18 (2) The credit may not exceed the amount of tax that would  
19 otherwise be due under this chapter. The credit may be accrued and  
20 carried over until it is used. Refunds shall not be granted in place  
21 of credits. The maximum amount of credit under this section that may  
22 be claimed, by each person, for any calendar year shall not exceed two  
23 hundred thousand dollars.

24 (3) Tax credit may not be claimed for financial assistance that  
25 occurred before the effective date of this section or financial  
26 assistance that occur after the date specified in section 6 of this  
27 act.

28 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.04 RCW  
29 to read as follows:

30 (1) Persons who are taxable under this chapter may take a credit  
31 for the costs expended for acquiring and installing alternative fuel  
32 and electric vehicle recharging equipment, including alternative fuel  
33 storage tanks. Alternative fuel means natural gas, propane, hydrogen,  
34 fuel containing a minimum of eighty-five percent ethanol, and fuel  
35 containing a minimum of twenty percent biodiesel. The credit shall be  
36 based upon the following schedule:

1 (a) Fifty percent of the costs incurred at facilities open to the  
2 public not to exceed two hundred thousand dollars; and

3 (b) Twenty-five percent of the costs incurred at facilities not  
4 open to the public not to exceed one hundred thousand dollars.

5 (2) The credit may not exceed the amount of tax that would  
6 otherwise be due under this chapter. The credit may be accrued and  
7 carried over until it is used. Refunds shall not be granted in place  
8 of credits. The maximum amount of credit under this section that may  
9 be claimed, by each person, for any calendar year shall not exceed one  
10 million dollars.

11 (3) Tax credit may not be claimed for expenditures that occurred  
12 before the effective date of this section or expenditures that occur  
13 after the date specified in section 6 of this act.

14 NEW SECTION. **Sec. 6.** A new section is added to chapter 82.04 RCW  
15 to read as follows:

16 Tax credits under sections 3, 4, and 5 of this act shall not be  
17 allowed for expenditures that occur after December 31, 2009.

18 NEW SECTION. **Sec. 7.** A new section is added to chapter 82.08 RCW  
19 to read as follows:

20 (1) The tax imposed by this chapter shall not apply to the sale or  
21 lease of a new motor vehicle that meets the definition of a "clean  
22 alternative fuel vehicle" as provided in RCW 70.94.030(9) (a) or (c) or  
23 a hybrid vehicle as defined under RCW 70.94.030(9)(b) that operates  
24 solely on an alternative fuel.

25 (2) Until June 30, 2003, the tax imposed by this chapter shall not  
26 apply to the sale, or the lease of a period of at least three years, of  
27 a new motor vehicle that meets the definition of a "clean alternative  
28 fuel vehicle" as provided in RCW 70.94.030(9)(b), except for hybrid  
29 vehicles operating solely on alternative fuels.

30 NEW SECTION. **Sec. 8.** A new section is added to chapter 82.12 RCW  
31 to read as follows:

32 (1) The tax imposed by this chapter shall not apply to the sale or  
33 lease of a new motor vehicle that meets the definition of a "clean  
34 alternative fuel vehicle" as provided in RCW 70.94.030(9) (a) or (c) or  
35 a hybrid vehicle as defined under RCW 70.94.030(9)(b) that operates  
36 solely on an alternative fuel.

1 (2) Until June 30, 2003, the tax imposed by this chapter shall not  
2 apply to the sale, or the lease of a period of at least three years, of  
3 a new motor vehicle that meets the definition of a "clean alternative  
4 fuel vehicle" as provided in RCW 70.94.030(9)(b), except for hybrid  
5 vehicles operating solely on alternative fuels.

6 **Sec. 9.** RCW 82.38.020 and 1998 c 176 s 50 are each amended to read  
7 as follows:

8 The definitions in this section apply throughout this chapter  
9 unless the context clearly requires otherwise.

10 (1) "B20" means a fuel blend containing not less than nineteen  
11 percent or more than twenty-one percent biodiesel.

12 (2) "Biodiesel" means a mono alkyl ester of long chain fatty acids  
13 derived from vegetable oils or animal fats, that is produced  
14 domestically, for use in compression-ignition engines.

15 (3) "Blended special fuel" means a mixture of undyed diesel fuel  
16 and another liquid, other than a de minimus amount of the liquid, that  
17 can be used as a fuel to propel a motor vehicle.

18 ((+2)) (4) "Blender" means a person who produces blended special  
19 fuel outside the bulk transfer-terminal system.

20 ((+3)) (5) "Bond" means a bond duly executed with a corporate  
21 surety qualified under chapter 48.28 RCW, which bond is payable to the  
22 state of Washington conditioned upon faithful performance of all  
23 requirements of this chapter, including the payment of all taxes,  
24 penalties, and other obligations arising out of this chapter.

25 ((+4)) (6) "Bulk transfer-terminal system" means the special fuel  
26 distribution system consisting of refineries, pipelines, vessels, and  
27 terminals. Special fuel in a refinery, pipeline, vessel, or terminal  
28 is in the bulk transfer-terminal system. Special fuel in the fuel tank  
29 of an engine, motor vehicle, or in a railcar, trailer, truck, or other  
30 equipment suitable for ground transportation is not in the bulk  
31 transfer-terminal system.

32 ((+5)) (7) "Bulk transfer" means a transfer of special fuel by  
33 pipeline or vessel.

34 ((+6)) (8) "Bulk storage" means the placing of special fuel into  
35 a receptacle other than the fuel supply tank of a motor vehicle.

36 ((+7)) (9) "Department" means the department of licensing.

37 ((+8)) (10) "Dyed special fuel user" means a person authorized by  
38 the internal revenue code to operate a motor vehicle on the highway

1 using dyed special fuel, in which the use is not exempt from the  
2 special fuel tax.

3 ~~((9))~~ (11) "Evasion" or "evade" means to diminish or avoid the  
4 computation, assessment, or payment of authorized taxes or fees  
5 through:

6 (a) A knowing: False statement; misrepresentation of fact; or  
7 other act of deception; or

8 (b) An intentional: Omission; failure to file a return or report;  
9 or other act of deception.

10 ~~((10))~~ (12) "Export" means to obtain special fuel in this state  
11 for sales or distribution outside the state.

12 ~~((11))~~ (13) "Highway" means every way or place open to the use of  
13 the public, as a matter of right, for the purpose of vehicular travel.

14 ~~((12))~~ (14) "Import" means to bring special fuel into this state  
15 by a means of conveyance other than the fuel supply tank of a motor  
16 vehicle.

17 ~~((13))~~ (15) "International fuel tax agreement licensee" means a  
18 special fuel user operating qualified motor vehicles in interstate  
19 commerce and licensed by the department under the international fuel  
20 tax agreement.

21 ~~((14))~~ (16) "Lessor" means a person: (a) Whose principal  
22 business is the bona fide leasing or renting of motor vehicles without  
23 drivers for compensation to the general public; and (b) who maintains  
24 established places of business and whose lease or rental contracts  
25 require the motor vehicles to be returned to the established places of  
26 business.

27 ~~((15))~~ (17) "Licensee" means a person holding a license issued  
28 under this chapter.

29 ~~((16))~~ (18) "Motor vehicle" means a self-propelled vehicle  
30 designed for operation upon land utilizing special fuel as the means of  
31 propulsion.

32 ~~((17))~~ (19) "Natural gas" means naturally occurring mixtures of  
33 hydrocarbon gases and vapors consisting principally of methane, whether  
34 in gaseous or liquid form.

35 ~~((18))~~ (20) "Person" means a natural person, fiduciary,  
36 association, or corporation. The term "person" as applied to an  
37 association means and includes the partners or members thereof, and as  
38 applied to corporations, the officers thereof.

1       (~~(19)~~) (21) "Position holder" means a person who holds the  
2 inventory position in special fuel, as reflected by the records of the  
3 terminal operator. A person holds the inventory position in special  
4 fuel if the person has a contractual agreement with the terminal for  
5 the use of storage facilities and terminating services at a terminal  
6 with respect to special fuel. "Position holder" includes a terminal  
7 operator that owns special fuel in their terminal.

8       (~~(20)~~) (22) "Rack" means a mechanism for delivering special fuel  
9 from a refinery or terminal into a truck, trailer, railcar, or other  
10 means of nonbulk transfer.

11       (~~(21)~~) (23) "Refiner" means a person who owns, operates, or  
12 otherwise controls a refinery.

13       (~~(22)~~) (24) "Removal" means a physical transfer of special fuel  
14 other than by evaporation, loss, or destruction.

15       (~~(23)~~) (25) "Special fuel" means and includes all combustible  
16 gases and liquids suitable for the generation of power for propulsion  
17 of motor vehicles, except that it does not include motor vehicle fuel  
18 as defined in chapter 82.36 RCW, nor does it include dyed special fuel  
19 as defined by federal regulations. However, if the federal regulations  
20 authorize dyed special fuel to be used in highway vehicles, that usage  
21 is considered taxable under this chapter, unless otherwise exempted.

22       (~~(24)~~) (26) "Special fuel distributor" means a person who  
23 acquires special fuel from a supplier, distributor, or licensee for  
24 subsequent sale and distribution.

25       (~~(25)~~) (27) "Special fuel exporter" means a person who purchases  
26 special fuel in this state and directly exports the fuel by a means  
27 other than the bulk transfer-terminal system to a destination outside  
28 of the state.

29       (~~(26)~~) (28) "Special fuel importer" means a person who imports  
30 special fuel into the state by a means other than the bulk transfer-  
31 terminal system. If the importer of record is acting as an agent, the  
32 person for whom the agent is acting is the importer. If there is no  
33 importer of record, the owner of the special fuel at the time of  
34 importation is the importer.

35       (~~(27)~~) (29) "Special fuel supplier" means a person who owns and  
36 stores special fuel in a terminal facility or who refines and stores  
37 special fuel at a refinery.

1       (~~(28)~~) (30) "Special fuel user" means a person engaged in uses of  
2 special fuel that are not specifically exempted from the special fuel  
3 tax imposed under this chapter.

4       (~~(29)~~) (31) "Terminal" means a special fuel storage and  
5 distribution facility that has been assigned a terminal control number  
6 by the internal revenue service, is supplied by pipeline or vessel, and  
7 from which reportable special fuel is removed at a rack.

8       (~~(30)~~) (32) "Terminal operator" means a person who owns,  
9 operates, or otherwise controls a terminal.

10       (~~(31)~~) (33) "Two-party exchange" or "buy-sell agreement" means a  
11 transaction in which taxable special fuel is transferred from one  
12 licensed supplier to another licensed supplier under an exchange or  
13 buy-sell agreement whereby the supplier that is the position holder  
14 agrees to deliver taxable special fuel to the other supplier or the  
15 other supplier's customer at the rack of the terminal at which the  
16 delivering supplier is the position holder.

17       **Sec. 10.** RCW 82.38.030 and 1998 c 176 s 51 are each amended to  
18 read as follows:

19       (1) There is hereby levied and imposed upon special fuel users a  
20 tax at the rate computed in the manner provided in RCW 82.36.025 on  
21 each gallon of special fuel, or each one hundred cubic feet of  
22 compressed natural gas, measured at standard pressure and temperature,  
23 except a tax rate of eleven and one-half cents per gallon shall apply  
24 to users of B20 or fuel containing a minimum of eighty-five percent  
25 ethanol.

26       (2) The tax imposed by subsection (1) of this section is imposed  
27 when:

28       (a) Special fuel is removed in this state from a terminal if the  
29 special fuel is removed at the rack unless the removal is to a licensed  
30 exporter for direct delivery to a destination outside of the state, or  
31 the removal is to a special fuel distributor for direct delivery to an  
32 international fuel tax agreement licensee under RCW 82.38.320;

33       (b) Special fuel is removed in this state from a refinery if either  
34 of the following applies:

35       (i) The removal is by bulk transfer and the refiner or the owner of  
36 the special fuel immediately before the removal is not a licensee; or

37       (ii) The removal is at the refinery rack unless the removal is to  
38 a licensed exporter for direct delivery to a destination outside of the

1 state, or the removal is to a special fuel distributor for direct  
2 delivery to an international fuel tax agreement licensee under RCW  
3 82.38.320;

4 (c) Special fuel enters into this state for sale, consumption, use,  
5 or storage if either of the following applies:

6 (i) The entry is by bulk transfer and the importer is not a  
7 licensee; or

8 (ii) The entry is not by bulk transfer;

9 (d) Special fuel is removed in this state to an unlicensed entity  
10 unless there was a prior taxable removal, entry, or sale of the special  
11 fuel;

12 (e) Blended special fuel is removed or sold in this state by the  
13 blender of the fuel. The number of gallons of blended special fuel  
14 subject to tax is the difference between the total number of gallons of  
15 blended special fuel removed or sold and the number of gallons of  
16 previously taxed special fuel used to (~~produced~~ ~~[produce]~~) produce  
17 the blended special fuel;

18 (f) Dyed special fuel is used on a highway, as authorized by the  
19 internal revenue code, unless the use is exempt from the special fuel  
20 tax; and

21 (g) Special fuel purchased by an international fuel tax agreement  
22 licensee under RCW 82.38.320 is used on a highway.

23 (3) The tax imposed by this chapter, if required to be collected by  
24 the licensee, is held in trust by the licensee until paid to the  
25 department, and a licensee who appropriates or converts the tax  
26 collected to his or her own use or to any use other than the payment of  
27 the tax to the extent that the money required to be collected is not  
28 available for payment on the due date as prescribed in this chapter is  
29 guilty of a felony, or gross misdemeanor in accordance with the theft  
30 and anticipatory provisions of Title 9A RCW. A person, partnership,  
31 corporation, or corporate officer who fails to collect the tax imposed  
32 by this section, or who has collected the tax and fails to pay it to  
33 the department in the manner prescribed by this chapter, is personally  
34 liable to the state for the amount of the tax.

35 **Sec. 11.** RCW 82.38.075 and 1983 c 212 s 1 are each amended to read  
36 as follows:

37 In order to encourage the use of nonpolluting fuels, an annual  
38 license fee in lieu of the tax imposed by RCW 82.38.030 shall be

1 imposed upon the use of natural gas as defined in this chapter ((or)),  
2 on liquified petroleum gas, commonly called propane, or hydrogen, which  
3 is used in any motor vehicle, as defined in RCW 46.04.320, which shall  
4 be based upon the following schedule as adjusted by the formula set out  
5 below:

6	VEHICLE TONNAGE (GVW)	FEE
7	0 - 6,000	\$ 45
8	6,001 - 10,000	\$ 45
9	10,001 - 18,000	\$ 80
10	18,001 - 28,000	\$110
11	28,001 - 36,000	\$150
12	36,001 and above	\$250

13 To determine the actual annual license fee imposed by this section  
14 for a registration year, the appropriate dollar amount set out in the  
15 above schedule shall be multiplied by ((the motor vehicle fuel tax rate  
16 in cents per gallon as established by RCW 82.36.025 effective on July  
17 1st of the preceding calendar year)) eleven and one-half cents per  
18 gallon and the product thereof shall be divided by 12 cents.

19 The department of licensing, in addition to the foregoing fee,  
20 shall charge a further fee of five dollars as a handling charge for  
21 each license issued.

22 The director of licensing shall be authorized to prorate the  
23 vehicle tonnage fee so that the annual license required by this section  
24 will correspond with the staggered vehicle licensing system.

25 A decal or other identifying device issued upon payment of these  
26 annual fees shall be displayed as prescribed by the department as  
27 authority to purchase this fuel.

28 Persons selling or dispensing natural gas or propane may not sell  
29 or dispense this fuel for their own use or the use of others into tanks  
30 of vehicles powered by this fuel which do not display a valid decal or  
31 other identifying device as provided in this section.

32 Vehicles registered in jurisdictions outside the state of  
33 Washington are exempt from this section.

34 Any person selling or dispensing natural gas or propane into the  
35 tank of a motor vehicle powered by this fuel, except as prescribed in  
36 this chapter, is subject to the penalty provisions of this chapter.

1        NEW SECTION.    **Sec. 12.**    A new section is added to chapter 70.94 RCW  
2 to read as follows:

3        The Washington State University energy program, in consultation  
4 with the departments of ecology, revenue, and licensing; local  
5 governments; vehicle manufacturers and suppliers; and other interested  
6 parties shall collect and review the relevant data associated with the  
7 provisions of chapter . . . , Laws of 2001 (this act) and evaluate the  
8 effectiveness of these incentives in improving air quality and  
9 increasing the use of clean alternative fuel vehicles. The Washington  
10 State University energy program shall present its findings and make  
11 recommendations as appropriate to the legislature biennially on or  
12 before November 30th, beginning in 2004.

13        NEW SECTION.    **Sec. 13.**    RCW 43.19.637 (Clean-fuel vehicles--  
14 Purchasing requirements) and 1991 c 199 s 213 are each repealed.

15        NEW SECTION.    **Sec. 14.**    Sections 1 through 8 of this act take  
16 effect August 1, 2001.

17        NEW SECTION.    **Sec. 15.**    Sections 9 through 12 of this act take  
18 effect January 1, 2002.

19        NEW SECTION.    **Sec. 16.**    Sections 7 through 12 of this act expire  
20 December 31, 2009.

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