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**SENATE BILL 5357**

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

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

AN ACT Relating to clean alternative fuel motorcycles; amending RCW 46.17.323; adding a new section to chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; creating new sections; providing an effective date; providing an expiration date; and providing a contingent expiration date.

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

NEW SECTION. **Sec.**  This section is the tax preference performance statement for the tax preference contained in sections 2 and 3 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 motorcycles in Washington. It is the legislature's intent to extend the existing sales and use tax exemption on clean alternative fuel vehicles to clean alternative fuel motorcycles, in order to reduce the price charged to customers for clean alternative fuel motorcycles.

(3) If a review finds that the number of clean alternative fuel motorcycles 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.

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

(1)(a) The tax levied by RCW 82.08.020 does not apply to the first forty-five thousand dollars in selling price of new motorcycles, which are exclusively powered by a clean alternative fuel.

(b) The tax levied by RCW 82.08.020 does not apply to the first forty-five thousand dollars in selling price of qualifying used motorcycles, which were modified after their initial purchase, with an EPA certified conversion to be exclusively powered by a clean alternative fuel.

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

(3) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "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.

(b) "Qualifying used motorcycle" means a motorcycle that:

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

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

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

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

(4) This section expires July 1, 2021.

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

(1)(a) Until July 1, 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 motorcycles, which are exclusively powered by a clean alternative fuel.

(b) Until July 1, 2021, the provisions of this chapter do not apply to the first forty-five thousand dollars of value on the use of qualifying used motorcycles, which were modified after their initial purchase with an EPA certified conversion to be exclusively powered by a clean alternative fuel.

(2) 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, 2021, of a motorcycle exclusively powered by a clean alternative fuel, if the taxpayer used such vehicle in this state before July 1, 2021, and the use was exempt under this section from the tax imposed in RCW 82.12.020.

(3) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "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.

(b) "Qualifying used motorcycle" has the same meaning as provided in section 2 of this act.

**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, except for electric motorcycles, 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) Before accepting an application for an annual vehicle registration renewal for an electric motorcycle 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 twenty-five dollar fee in addition to any other fees and taxes required by law. The twenty-five dollar fee is due only at the time of annual registration renewal.

(3) 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)~~))(4)(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, 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.

NEW SECTION. **Sec.**  Section 4 of this act applies to vehicle registrations that are due or become due on or after January 1, 2016.

NEW SECTION. **Sec.**  Sections 2 and 3 of this act take effect January 1, 2016.

NEW SECTION. **Sec.**  (1) Section 4 of this act expires on the effective date of legislation enacted by the legislature that imposes a vehicle miles traveled fee or tax.

(2) The department of licensing must provide written notice of the expiration date of section 4 of this act 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.

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