
Transportation Committee

HB 2087

Brief Description: Concerning vehicles powered by clean alternative fuel.

Sponsors: Representatives Fey and Muri.

Brief Summary of Bill

- Extends an exemption from retail sales and use taxes for the sale of certain new and used vehicles that are exclusively powered by an alternative fuel but limits this exemption to only the first \$35,000 of the selling price.
- Establishes an additional \$50 annual registration renewal fee on the registration renewal of electric vehicles and a \$25 annual registration renewal fee on the registration renewal of plug-in hybrid vehicles, depositing the revenues from this fee into a dedicated account.
- Directs the Washington State Department of Transportation to establish a pilot program to provide one-time loans and grants, under certain circumstances, to bidders that join with a private sector partner in developing electric vehicle charging infrastructure.

Hearing Date: 2/24/15

Staff: Andrew Russell (786-7143).

Background:

Electric Vehicle Ownership in Washington.

As of December 31, 2014, there were over 8,200 battery electric vehicles (EV) registered in Washington, and there were an additional 3,500 plug-in hybrid electric vehicles. Battery electric vehicles use only battery power to drive the wheels of the vehicle, and common examples include the Nissan Leaf, Tesla Model S and Roadster, BMW i3 and i8, and the Ford Focus Electric. Plug-in hybrid vehicles, however, may use a conventional internal combustion engine in addition to battery power to drive the wheels of the vehicle. Common examples of plug-in hybrid vehicles include the Chevrolet Volt and the Toyota Prius Plug-In.

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Electric Vehicle Charging Infrastructure.

There are three common commercially available EV charging power levels. The lowest power, Level 1, uses a standard outlet and can take over 12 hours to fully charge a vehicle. A Level 2 charger can fully charge a vehicle in less than eight hours, and the most powerful, a DC fast charger, can charge a vehicle to 80 percent capacity in around 20 minutes. Most battery electric vehicles can use any of these chargers; plug-in hybrid vehicles, however, can use only Level 1 or Level 2 charging infrastructure.

A study directed by the Joint Transportation Committee found that there are 418 Level 2 charging stations in Washington, providing 893 charging ports at these locations. Additionally, the study counted 42 DC fast charging stations offering 76 charging ports. Twelve of the DC fast charging stations and two of the Level 2 charging stations were funded by a federal grant and make up Washington's portion of the West Coast Green Highway.

Electric Vehicle Tax Exemption and Registration Renewal Fee.

New passenger cars, light-duty trucks, and medium-duty passenger vehicles are exempt from retail sales and use taxes if the vehicle is exclusively powered by a clean alternative fuel, including electricity. A used passenger car, light-duty truck, and medium-duty passenger vehicle is also exempt from retail sales and use taxes if the vehicle was modified to be exclusively powered by a clean alternative fuel, is part of a fleet of at least five vehicles, has an odometer reading of less than 30,000 miles, is less than two years old, and is being sold for the first time after modification. These exemptions expire July 1, 2015.

Upon the renewal of a vehicle that uses propulsion units powered solely by electricity and that can travel faster than 35 miles per hour, the Department of Licensing (DOL) must require the applicant to pay, in addition to any other fees or taxes, a \$100 fee. This fee must be deposited into the Motor Vehicle Account and used solely for highway purposes. If the total revenue collected by this fee exceeds \$1 million, equal portions of the excess amount are directed to both the Transportation Improvement Account and the Rural Arterial Trust Account.

The Department of Revenue (DOR) and the DOL work together to determine which vehicles are eligible for the tax exemptions and which are subject to additional registration renewal fees. Pursuant to the DOR guidance, a vehicle is exempt from sales and use taxes only if it will be subject to the additional \$100 EV registration fee.

Summary of Bill:

Electric Vehicle Tax Exemption.

The exemption from retail sales and use taxes of the sales of new and qualifying used passenger cars, light duty trucks, and medium duty passenger vehicles, which is set to expire on July 1, 2015, is extended to July 1, 2019. Additionally, these exemptions are limited to only the first \$35,000 of the sales price.

Electric Vehicle Registration Renewal Fee.

The \$100 fee that is due upon the registration renewal of a vehicle that uses propulsion units powered solely by electricity is increased to \$150. Additionally, plug-in hybrid vehicles must pay a \$25 annual registration renewal fee. For the purposes of administering this fee, a "plug-in

hybrid vehicle" is defined as one that uses "propulsion units powered by electricity that can be charged from an external source and includes an internal combustion engine that may power the vehicle or charge the vehicles batteries, or both." The revenues generated from the additional \$50 fee and the new \$25 fee are both deposited into a new account—the Electric Vehicle Charging Infrastructure Account.

Electric Vehicle Infrastructure Grants and Loans.

The Washington State Department of Transportation's (WSDOT) Public-Private Partnership Office must develop a pilot program that provides grants or loans in concert with private financing to support the deployment of EV charging infrastructure. As a part of this program, the WSDOT must define corridors in which bidders may propose projects, but bidders may also propose their own corridors if the WSDOT has adopted rules regarding such proposals. Additionally, bidders must: (1) have private sector partners who stand to gain indirect value from the development of a project; (2) demonstrate that the proposed project will be valuable to EV drivers; (3) propose projects that are expected to be profitable and sustainable; and (4) specify how the projects capture indirect value for the private partner. The WSDOT may adopt rules to implement these requirements and may also conduct preliminary workshops with potential bidders in designing the pilot program.

After selecting a successful proposer, the WSDOT may provide a one-time loan or grant to the proposer. A loan may provide up to 30 percent of the project's capital costs, and a grant may provide up to 50 percent of such costs. The loan and grant funds must come from the Electric Vehicle Charging Infrastructure Account, which is created by the Act.

Multimodal Account Loan.

The Office of the State Treasurer must transfer \$1 million from the Multimodal Transportation Account to the Electric Vehicle Charging Infrastructure Account. This initial loan is to be repaid in \$100,000 annual increments from revenues that are generated by the \$50 EV and \$25 plug-in hybrid vehicle fees established by the Act.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2015.