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**HOUSE BILL 2042**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Representatives Fey, Orcutt, Slatter, Doglio, Tharinger, and Ramos

AN ACT Relating to advancing green transportation adoption; amending RCW 28B.30.903, 46.17.323, 47.04.350, 80.28.360, 82.04.4496, 82.08.816, 82.12.816, 82.16.0496, 82.29A.125, and 82.44.200; adding a new section to chapter 35.92 RCW; adding a new section to chapter 54.16 RCW; adding a new section to chapter 80.28 RCW; adding a new section to chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; adding a new section to chapter 47.04 RCW; adding a new section to chapter 47.66 RCW; creating new sections; providing effective dates; and providing expiration dates.

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

NEW SECTION. **Sec.**  The legislature finds that increasing the rate of adoption of electric and other clean alternative fuel vehicles will help to reduce harmful air pollution from exhaust emissions, including greenhouse gas emissions, in the state. The legislature also finds that an increased reliance on greener transit options will help to further reduce harmful air pollution from exhaust emissions. The legislature further finds that support for clean alternative fuel infrastructure can help to increase adoption of green transportation in the state, as noted in a 2015 joint transportation committee report. It is therefore the legislature's intent to drive green vehicle adoption and increased green transit use by: (1) Establishing and extending tax incentive programs for alternative fuel vehicles and related infrastructure, including for commercial vehicles; (2) providing funding for a capital grant program to assist transit authorities in reducing the carbon output of their fleets; (3) increasing public and private electric utilities' ability to invest in electric vehicle charging infrastructure; (4) establishing a technical assistance program for public agencies within the Washington State University's energy program; (5) funding a pilot program to test methods for facilitating access to electric vehicles and electric vehicle infrastructure by low-income residents of the state; (6) funding a study to examine opportunities to provide financing assistance to lower-income residents of the state who would like to purchase an electric vehicle; and (7) funding a study to assess the broad-based changes needed to effectively and efficiently transition the state to a low-carbon transportation network.

**Sec.**  RCW 28B.30.903 and 2010 c 37 s 1 are each amended to read as follows:

(1) The Washington State University extension energy program shall provide information, technical assistance, and consultation on physical plant operation, maintenance, and construction issues to state and local governments, tribal governments, and nonprofit organizations through its plant operations support program. The Washington State University extension energy program may not enter into facilities design or construction contracts on behalf of state or local government agencies, tribal governments, or nonprofit organizations. The plant operations support program created in this section must be funded by voluntary subscription charges, service fees, and other funding acquired by or provided to Washington State University for such purposes.

(2) Subject to the availability of amounts appropriated for this specific purpose, the Washington State University extension energy program shall establish and administer a technical assistance and education program focused on the use of alternative fuel vehicles. Education and assistance may be provided to public agencies.

**Sec.**  RCW 46.17.323 and 2015 3rd sp.s. c 44 s 203 are each amended to read as follows:

(1) Before accepting an application for an annual vehicle registration renewal for a vehicle that both (a) uses at least one method of propulsion that is capable of being reenergized by an external source of electricity and (b) is capable of traveling at least thirty miles using only battery power, 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) This section only applies to a vehicle that is designed to have the capability to drive at a speed of more than thirty-five miles per hour.

(3)(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 in subsection (1) of this section 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 subsection (1) of 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.

(4)(a) In addition to the fee established in subsection (1) of this section, before accepting an application for an annual vehicle registration renewal for a vehicle that both (i) uses at least one method of propulsion that is capable of being reenergized by an external source of electricity and (ii) is capable of traveling at least thirty miles using only battery power, the department, county auditor or other agent, or subagent appointed by the director must require the applicant to pay a ((~~fifty~~)) one hundred dollar fee.

(b) The fee required under (a) of this subsection must be ((~~distributed as follows:~~

~~(i) The first one million dollars raised by the fee must be deposited into the multimodal transportation account created in RCW 47.66.070; and~~

~~(ii) Any remaining amounts must be~~)) deposited into the ((~~motor vehicle fund~~)) electric vehicle account created in RCW ((~~46.68.070~~)) 82.44.200.

(5) This section applies to annual vehicle registration renewals until the effective date of enacted legislation that imposes a vehicle miles traveled fee or tax.

NEW SECTION. **Sec.**  A new section is added to chapter 35.92 RCW to read as follows:

(1) The governing authority of an electric utility formed under this chapter may adopt an electrification of transportation plan that, at a minimum, establishes a finding that utility outreach and investment in the electrification of transportation infrastructure is: Cost-effective, using an industry-recognized cost test which may include ratepayer impact measure or total resource cost.

(2) In adopting an electrification of transportation plan under subsection (1) of this section, the governing authority may consider some or all of the following: (a) The applicability of multiple options for electrification of transportation across all customer classes; (b) the impact of electrification on the utility's load, and whether demand response or other load management opportunities, including direct load control and dynamic pricing, are operationally appropriate; (c) system reliability and distribution system efficiencies; (d) interoperability concerns, including the interoperability of hardware and software systems in electrification of transportation proposals; and (e) overall customer experience.

(3) An electric utility formed under this chapter may, upon making a cost-effectiveness determination in accordance with subsection (1) of this section, offer incentive programs in the electrification of transportation for its customers, including advertising programs to promote the utility's services, incentives, or rebates.

**Sec.**  RCW 47.04.350 and 2015 3rd sp.s. c 44 s 403 are each amended to read as follows:

(1) Subject to the availability of amounts appropriated for this specific purpose, the department's public-private partnership office must develop and maintain a ((~~pilot~~)) program to support the deployment of electric vehicle charging infrastructure that is supported by private financing.

(2) The department must define corridors in which bidders may propose to install electric vehicle charging infrastructure, and may update these corridors over time as needed. Alternatively, a bidder may propose a corridor in which the bidder proposes to install electric vehicle infrastructure if the department has adopted rules allowing such a proposal and establishing guidelines for how such a proposal will be considered.

(3)(a) For bid proposals under this section, the department must require the following:

(i) Bidders must have private sector partners contributing to the project who stand to gain indirect value from development of the project, such as motor vehicle manufacturers, retail stores, or tourism stakeholders;

(ii) Bidders must demonstrate that the proposed project will be valuable to electric vehicle drivers and will address an existing gap in the state's electric vehicle charging station infrastructure;

(iii) Projects must be expected to be profitable and sustainable for the owner-operator and the private partner; and

(iv) Bidders must specify how the project captures the indirect value of charging station deployment to the private partner.

(b) The department may adopt rules that require any other criteria for a successful project.

(4) In evaluating proposals under this section, the department may use the electric vehicle financial analysis tool that was developed in the joint transportation committee's study into financing electric vehicle charging station infrastructure.

(5)(a) After selecting a successful proposer under this section, the department may provide a loan or grant to the proposer.

(b) Grants and loans issued under this subsection must be funded from the electric vehicle ((~~charging infrastructure~~)) account created in RCW 82.44.200.

(c) Any project selected for support under this section is eligible for only one grant or loan as a part of the ((~~pilot~~)) program.

(6) The department may conduct preliminary workshops with potential bidders and other potential private sector partners to determine the best method of designing and maintaining the ((~~pilot~~)) program, discuss how to develop and maintain the partnerships among the private sector partners that may receive indirect value, and any other issues relating to the implementation and administration of this section. The department should consider regional workshops to engage potential business partners from across the state.

(7) The department must adopt rules to implement and administer this section.

NEW SECTION. **Sec.**  A new section is added to chapter 54.16 RCW to read as follows:

(1) The commission of a public utility district may adopt an electrification of transportation plan that, at a minimum, establishes a finding that outreach and investment in the electrification of transportation infrastructure is: Cost-effective, using an industry-recognized cost test which may include ratepayer impact measure or total resource cost.

(2) In adopting an electrification of transportation plan under subsection (1) of this section, the commission of a public utility district may consider some or all of the following: (a) The applicability of multiple options for electrification of transportation across all customer classes; (b) the impact of electrification on the district's load, and whether demand response or other load management opportunities, including direct load control and dynamic pricing, are operationally appropriate; (c) system reliability and distribution system efficiencies; (d) interoperability concerns, including the interoperability of hardware and software systems in electrification of transportation proposals; and (e) overall customer experience.

(3) A public utility district may, upon making a cost-effectiveness determination in accordance with subsection (1) of this section, offer incentive programs in the electrification of transportation for its customers, including advertising programs to promote the district's services, incentives, or rebates.

NEW SECTION. **Sec.**  A new section is added to chapter 80.28 RCW to read as follows:

(1) An electric utility regulated by the utilities and transportation commission under this chapter may submit to the commission an electrification of transportation plan that deploys electric vehicle supply equipment or provides other electric transportation programs, services, or incentives to support electrification of transportation, provided that such electric vehicle supply equipment, programs, or services may not increase costs to customers in excess of one-quarter of one percent above the benefits of electric transportation to all customers over a period consistent with the utility's planning horizon under its most recent integrated resource plan.

(2) In reviewing an electrification of transportation plan under subsection (1) of this section, the commission shall consider the following: (a) The applicability of multiple options for electrification of transportation across all customer classes; (b) the impact of electrification on the utility's load, and whether demand response or other load management opportunities, including direct load control and dynamic pricing, are operationally appropriate; (c) system reliability and distribution system efficiencies; (d) interoperability concerns, including the interoperability of hardware and software systems in electrification of transportation proposals; and (e) overall customer experience. The commission shall acknowledge submittal of an electrification of transportation plan within four months of the submittal of the plan. The commission may provide comment on the plan in its acknowledgment letter.

**Sec.**  RCW 80.28.360 and 2015 c 220 s 2 are each amended to read as follows:

(1) In establishing rates for each electrical company regulated under this title, the commission may allow an incentive rate of return on investment on capital expenditures for electric vehicle supply equipment that is deployed ((~~for the benefit of ratepayers~~)) consistent with an electrification of transportation plan submitted by a utility, provided that the capital expenditures do not increase costs to ratepayers in excess of one-quarter of one percent. The commission must consider and may adopt other policies to improve access to and promote fair competition in the provision of electric vehicle supply equipment.

(2) An incentive rate of return on investment under this section may be allowed only if the company chooses to pursue capital investment in electric vehicle supply equipment on a fully regulated basis similar to other capital investments behind a customer's meter. In the case of an incentive rate of return on investment allowed under this section, an increment of up to two percent must be added to the rate of return on common equity allowed on the company's other investments.

(3) The incentive rate of return on investment authorized in subsection (2) of this section applies only to projects which have been installed after July 1, 2015((~~, and which are reasonably expected, at the time they are placed in the rate base, to result in real and tangible benefits for ratepayers by being installed and located where electric vehicles are most likely to be parked for intervals longer than two hours~~)).

(4) The incentive rate of return on investment increment pursuant to this section may be earned only for a period up to the depreciable life of the electric vehicle supply equipment as defined in the depreciation schedules developed by the company and submitted to the commission for review. When the capital investment has fully depreciated, an electrical company may gift the electric vehicle supply equipment to the owner of the property on which it is located.

(5) By December 31, 2017, the commission must report to the appropriate committees of the legislature with regard to the use of any incentives allowed under this section, the quantifiable impacts of the incentives on actual electric vehicle deployment, and any recommendations to the legislature about utility participation in the electric vehicle market.

NEW SECTION. **Sec.**  This section is the tax preference performance statement for the tax preferences contained in sections 10 through 16, chapter . . ., Laws of 2019 (sections 10 through 16 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 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 clean alternative fuel vehicles in Washington. It is the legislature's intent to establish and extend tax incentive programs for alternative fuel vehicles and related infrastructure by: (a) Reinstating the sales and use tax exemption on certain clean alternative fuel vehicles in order to reduce the price charged to customers for clean alternative fuel vehicles; (b) extending the business and occupation and public utility tax credit for clean alternative fuel commercial vehicles and expanding it to include clean alternative fuel infrastructure; (c) extending the sales and use tax exemption for electric vehicle batteries and infrastructure and expanding it to include the electric battery component of electric buses; and (d) extending the leasehold excise tax exemption to tenants of public lands for electric vehicle infrastructure.

(3) To measure the effectiveness of the tax preferences in sections 10 through 16, chapter . . ., Laws of 2019 (sections 10 through 16 of this act) 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 clean alternative fuel vehicles 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.

**Sec.**  RCW 82.04.4496 and 2017 c 116 s 1 are each amended to read as follows:

(1)(a)(i) A person who is taxable under this chapter is allowed a credit against the tax imposed in this chapter according to the gross vehicle weight rating of the vehicle and the incremental cost of the vehicle purchased above the purchase price of a comparable conventionally fueled vehicle. The credit is limited, as set forth in the table below, to the lesser of the incremental cost amount or the maximum credit amount per vehicle purchased((~~, and subject to a maximum annual credit amount per vehicle class~~)).

|  |  |  |  |
| --- | --- | --- | --- |
| Gross Vehicle Weight | Incremental Cost Amount | Maximum Credit AmountPer Vehicle | ((~~Maximum Annual Credit~~~~Per Vehicle Class~~)) |
| Up to 14,000 pounds | 50% of incremental cost | $25,000 | ((~~$2,000,000~~)) |
| 14,001 to 26,500 pounds | 50% of incremental cost | $50,000 | ((~~$2,000,000~~)) |
| Above 26,500 pounds | 50% of incremental cost | $100,000 | ((~~$2,000,000~~)) |

(ii) A person who is taxable under this chapter is allowed a credit against the tax imposed in this chapter for up to fifty percent of the cost to purchase alternative fuel vehicle infrastructure, tangible personal property that will become a component of alternative fuel vehicle infrastructure, and installation and construction of alternative fuel vehicle infrastructure, but excluding the cost of property acquisition and site improvement related to the installation of alternative fuel vehicle infrastructure.

(b) ((~~On September 1st of each year any unused credits from any weight class identified in the table in (a) of this subsection must be made available to applicants applying for credits under any other weight class listed.~~)) The credit established in this section and RCW 82.16.0496 is subject to a maximum annual credit amount of six million dollars, and a maximum total credit amount of thirty-two and one-half million dollars since the credit became available on July 15, 2015.

(c) The credit provided in (a)(i) of this subsection ((~~(1)~~)) is available for the lease of a vehicle. The credit amount for a leased vehicle is equal to the credit in (a)(i) of this subsection ((~~(1)~~)) multiplied by the lease reduction factor. The person claiming the credit for a leased vehicle must be the lessee as identified in the lease contract.

(2) A person who is taxable under this chapter is allowed((~~, subject to the maximum annual credit per vehicle class in subsection (1)(a) of this section,~~)) a credit against the tax imposed in this chapter for the lesser of twenty-five thousand dollars or thirty percent of the costs of converting a commercial vehicle to be principally powered by a clean alternative fuel with a United States environmental protection agency certified conversion.

(3) The total credits under subsection (1)(a)(i) of this section may not exceed the lesser of two hundred fifty thousand dollars or twenty-five vehicles per person per calendar year.

(4) A person may not receive credit under this section for amounts claimed as credits under chapter 82.16 RCW.

(5) Credits are available on a first-in-time basis.

(a) The department must disallow any credits, or portion thereof, that would cause the total amount of credits claimed under this section, and RCW 82.16.0496, during any calendar year to exceed six million dollars. The department must provide notification on its web site monthly on the amount of credits that have been applied for, the amount issued, and the amount remaining before the statewide annual limit is reached. In addition, the department must provide written notice to any person who has applied to claim tax credits in excess of the limitation in this subsection.

(b) The department must disallow any credits, or portion thereof, that would cause the total amount of credits claimed beginning July 15, 2015, under this section and RCW 82.16.0496 to exceed thirty-two and one-half million dollars. The department must provide notification on its web site monthly on the total amount of credits that have been applied for, the amount issued, and the amount remaining before the statewide limit is reached. In addition, the department must provide written notice to any person who has applied to claim tax credits in excess of the limitation in this subsection.

(6) For the purposes of the limits provided in this section, a credit must be counted against such limits for the calendar year in which the credit is earned.

(7) To claim a credit under this section a person must electronically file with the department all returns, forms, and any other information required by the department, in an electronic format as provided or approved by the department. No refunds may be granted for credits under this section.

(8) To claim a credit under this section, the person applying must:

(a) Complete an application for the credit which must include:

(i) The name, business address, and tax identification number of the applicant;

(ii) A quote or unexecuted copy of the purchase requisition or order for the vehicle, infrastructure, infrastructure components, infrastructure construction, or infrastructure installation;

(iii) The type of alternative fuel to be used by the vehicle or supported by the infrastructure;

(iv) The incremental cost of the alternative fuel system for vehicle credits;

(v) The anticipated delivery date of the vehicle, the anticipated delivery date of the infrastructure or infrastructure components, the anticipated construction completion date of the infrastructure, or the anticipated installation completion date of the infrastructure;

(vi) The estimated annual fuel use of the vehicle in the anticipated duties or the estimated annual fuel to be supplied by the infrastructure;

(vii) The gross weight of each vehicle for vehicle credits;

(viii) For leased vehicles, a copy of the lease contract that includes the gross capitalized cost, residual value, and name of the lessee; and

(ix) Any other information deemed necessary by the department to support administration or reporting of the program.

(b) Within fifteen days of notice of credit availability from the department, provide notice of intent to claim the credit including:

(i) A copy of the order for the vehicle or infrastructure-related item, including the total cost for the vehicle or infrastructure-related item;

(ii) The anticipated delivery date of the vehicle or infrastructure or infrastructure component, which must be within one year of acceptance of the credit; ((~~and~~))

(iii) The anticipated construction or installation completion date of the infrastructure, which must be within two years of acceptance of the credit; and

(iv) Any other information deemed necessary by the department to support administration or reporting of the program.

(c) Provide final documentation within fifteen days of receipt of the vehicle or infrastructure or infrastructure components or of completion of construction or installation of the infrastructure, including:

(i) A copy of the final invoice for the vehicle or infrastructure-related items;

(ii) A copy of the factory build sheet or equivalent documentation;

(iii) The vehicle identification number of each vehicle;

(iv) The incremental cost of the alternative fuel system for vehicle credits;

(v) Attestations signed by both the seller and purchaser of each vehicle attesting that the incremental cost of the alternative fuel system includes only the costs necessary for the vehicle to run on alternative fuel and no other vehicle options, equipment, or costs; and

(vi) Any other information deemed necessary by the department to support administration or reporting of the program.

(9) A person applying for credit under subsection (8) of this section may apply for multiple vehicles on the same application, but the application must include the required information for each vehicle included in the application. A separate application is required for infrastructure-related items, but all infrastructure-related items at a single location may be included in a single application provided the required information for each infrastructure-related item is included in the application.

(10) To administer the credits, the department must, at a minimum:

(a) Provide notification on its web site monthly of the amount of credits that have been applied for, claimed, and the amount remaining before the statewide annual limit ((~~is~~)) and total limit are reached;

(b) Within fifteen days of receipt of the application, notify persons applying of the availability of tax credits in the year in which the vehicles or infrastructure applied for are anticipated to be delivered, constructed, or installed;

(c) Within fifteen days of receipt of the notice of intent to claim the tax credit, notify the applicant of the approval, denial, or missing information in their notice; and

(d) Within fifteen days of receipt of final documentation, review the documentation and notify the person applying of the acceptance of their final documentation.

(11) If a person fails to supply the information as required in subsection (8) of this section, the department must deny the application.

(12)(a) Taxpayers are only eligible for a credit under this section based on:

(i) Sales or leases of new commercial vehicles and qualifying used commercial vehicles with propulsion units that are principally powered by a clean alternative fuel; ((~~or~~))

(ii) Costs to modify a commercial vehicle, including sales of tangible personal property incorporated into the vehicle and labor or service expenses incurred in modifying the vehicle, to be principally powered by a clean alternative fuel; or

(iii) Sales of alternative fuel vehicle infrastructure or infrastructure components, or the cost of construction or installation of alternative fuel vehicle infrastructure.

(b) A credit is earned when the purchaser or the lessee takes receipt of the qualifying commercial vehicle or infrastructure-related item, the vehicle conversion is complete, or the construction or installation of the infrastructure is complete.

(13) A credit earned during one calendar year may be carried over to be credited against taxes incurred in the subsequent calendar year, but may not be carried over a second year.

(14)(a) Beginning November 25, 2015, and on the 25th of February, May, August, and November of each year thereafter, the department must notify the state treasurer of the amount of credits taken under this section as reported on returns filed with the department during the preceding calendar quarter ending on the last day of December, March, June, and September, respectively.

(b) On the last day of March, June, September, and December of each year, the state treasurer, based upon information provided by the department, must transfer a sum equal to the dollar amount of the credit provided under this section from the multimodal transportation account to the general fund.

(15) The department must conduct outreach to interested parties to obtain input on how best to streamline the application process required for the credit made available in this section and RCW 82.16.0496 to further adoption of alternative fuel technologies in commercial vehicle fleets, and must incorporate the findings resulting from this outreach effort into the rules and practices it adopts to implement and administer this section and RCW 82.16.0496 to the extent permitted under law.

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

(a) "Alternative fuel vehicle infrastructure" means structures, machinery, and equipment necessary and integral to support a clean alternative fuel vehicle.

(b) "Auto transportation company" means any corporation or person owning, controlling, operating, or managing any motor propelled vehicle, used in the business of transporting persons for compensation over public highways within the state of Washington, between fixed points or over a regular route. The fixed points or regular route may be updated on a regular basis. "Auto transportation company" also includes "private, nonprofit transportation provider" as defined in RCW 81.66.010 and "charter party carrier" as defined in RCW 81.70.020.

((~~(b)~~)) (c) "Clean alternative fuel" means electricity, dimethyl ether, hydrogen, methane, natural gas, liquefied natural gas, compressed natural gas, or propane.

((~~(c)~~)) (d) "Commercial vehicle" means any commercial vehicle that is purchased by a private business and that is used exclusively in the provision of commercial services or the transportation of commodities, merchandise, produce, refuse, freight, animals, or passengers, and that is displaying a Washington state license plate. All commercial vehicles that provide transportation to passengers must be operated by an auto transportation company.

((~~(d)~~)) (e) "Gross capitalized cost" means the agreed upon value of the commercial vehicle and including any other items a person pays over the lease term that are included in such cost.

((~~(e)~~)) (f) "Lease reduction factor" means the vehicle gross capitalized cost less the residual value, divided by the gross capitalized cost.

((~~(f)~~)) (g) "Qualifying used commercial vehicle" means vehicles that:

(i) Have an odometer reading of less than four hundred fifty thousand miles;

(ii) Are less than ten years past their original date of manufacture;

(iii) Were modified after the initial purchase with a United States environmental protection agency certified conversion that would allow the propulsion units to be principally powered by a clean alternative fuel; and

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

((~~(g)~~)) (h) "Residual value" means the lease-end value of the vehicle as determined by the lessor, at the end of the lease term included in the lease contract.

((~~(16)~~)) (17) Credits may be earned under this section from January 1, 2016, through January 1, ((~~2021~~)) 2030, except for credits for leased vehicles, which may be earned from July 1, 2016, through January 1, ((~~2021~~)) 2030.

((~~(17)~~)) (18) Credits earned under this section may not be used after January 1, ((~~2022~~)) 2031.

((~~(18)~~)) (19) This section expires January 1, ((~~2022~~)) 2031.

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

(1) Beginning with sales made or lease agreements signed on or after the qualification period start date:

(a) The tax levied by RCW 82.08.020 does not apply as provided in (b) of this subsection to sales or leases of new passenger cars, light duty trucks, and medium duty passenger vehicles that:

(i) Are exclusively powered by a clean alternative fuel; or

(ii) Use at least one method of propulsion that is capable of being reenergized by an external source of electricity and are capable of traveling at least thirty miles using only battery power; and

(iii)(A) Have at the time of sale a lowest manufacturer's suggested retail price of forty-two thousand five hundred dollars or less, as determined by the department of licensing, for the base model; or

(B) Have at the inception of the lease a lowest manufacturer's suggested retail price of forty-two thousand five hundred dollars or less, as determined by the department of licensing, for the base model;

(b)(i) The exemption in this section is applicable for up to the amounts specified in (b)(ii) of this subsection of:

(A) The total amount of the vehicle's selling price, for sales made; or

(B) The total lease payments made plus any additional selling price of the leased vehicle if the original lessee purchases the leased vehicle before the qualification period end date, for lease agreements signed.

(ii) Based on the purchase date or the date the lease agreement was signed of the vehicle:

(A) From the qualification period start date until July 31, 2021, the maximum amount eligible under (b)(i) of this subsection is thirty-two thousand dollars;

(B) From August 1, 2021, until July 31, 2023, the maximum amount eligible under (b)(i) of this subsection is twenty-four thousand dollars;

(C) From August 1, 2023, until July 31, 2025, the maximum amount eligible under (b)(i) of this subsection is sixteen thousand dollars.

(2) The seller must keep records necessary for the department to verify eligibility under this section. A person claiming the exemption must also submit itemized information to the department for all vehicles for which an exemption is claimed that must include the following: Vehicle make; vehicle model; model year; whether the vehicle has been sold or leased; date of sale or start date of lease; length of lease; and the total amount qualifying for the incentive claimed for each vehicle, in addition to the future monthly amount to be claimed for each leased vehicle. This information must be provided in a form and manner prescribed by the department.

(3) The department of licensing must maintain and publish a list of all vehicle models qualifying for the sales tax exemption under this section and the use tax exemption under section 12 of this act until the expiration date of this section, and is authorized to issue final rulings on vehicle model qualification. A seller is not responsible for repayment of the tax exemption under this section and section 12 of this act for a vehicle if the department of licensing's published list of qualifying vehicle models on the purchase date or the date the lease agreement was signed includes the vehicle's base model and the department of licensing subsequently removes the vehicle's base model from the published list.

(4) 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.

(5) By the last day of October 2019, and every six months thereafter until this section expires, based on the best available data, the department must report the following information to the transportation committees of the legislature: The cumulative number of vehicles that qualified for the exemption under this section and section 12 of this act by month of purchase or lease start and vehicle make and model; the dollar amount of all state retail sales and use taxes exempted on or after the qualification period start date, under this section and section 12 of this act; and estimates of the future costs of leased vehicles that qualified for the exemption under this section and section 12 of this act.

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

(a) "Base model" means the lowest priced version of the vehicle model for which the exemption under this section or section 12 of this act is sought that:

(i) Is the same model year as the vehicle for which the exemption under this section or section 12 of this act is sought;

(ii) Meets the same criteria of subsection (1)(a)(i) through (iii) of this section as the vehicle for which the exemption under this section or section 12 of this act is sought; and

(iii) Is available for retail sale or lease to consumers.

(b) "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, 2019, and the rules of the Washington state department of ecology.

(c) "Qualification period end date" means August 1, 2025.

(d) "Qualification period start date" means the effective date of this section.

(7)(a) Sales of vehicles delivered to the buyer or leased vehicles for which the lease agreement was signed after the qualification period end date do not qualify for the exemption under this section.

(b) All leased vehicles that qualified for the exemption under this section before the qualification period end date must continue to receive the exemption as described under subsection (1)(b) of this section on any lease payments due through the remainder of the lease before the expiration date of this section.

(8) This section expires August 1, 2028.

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

(1) Beginning with sales made or lease agreements signed on or after the qualification period start date:

(a) The provisions of this chapter do not apply as provided in (b) of this subsection in respect to the use of new passenger cars, light duty trucks, and medium duty passenger vehicles that:

(i) Are exclusively powered by a clean alternative fuel; or

(ii) Use at least one method of propulsion that is capable of being reenergized by an external source of electricity and are capable of traveling at least thirty miles using only battery power; and

(iii)(A) Have at the time of sale a lowest manufacturer's suggested retail price of forty-two thousand five hundred dollars or less, as determined by the department of licensing, for the base model; or

(B) Have at the inception of the lease a lowest manufacturer's suggested retail price of forty-two thousand five hundred dollars or less, as determined by the department of licensing, for the base model;

(b)(i) The exemption in this section is only applicable for up to the amounts specified in (b)(ii) of this subsection of:

(A) The total amount of the vehicle's purchase price, for sales made; or

(B) The total lease payments made plus any additional purchase price of the leased vehicle if the original lessee purchases the leased vehicle before the qualification period end date, for lease agreements signed.

(ii) Based on the purchase date or the date the lease agreement was signed of the vehicle:

(A) From the qualification period start date until July 31, 2021, the maximum amount eligible under (b)(i) of this subsection is thirty-two thousand dollars;

(B) From August 1, 2021, until July 31, 2023, the maximum amount eligible under (b)(i) of this subsection is twenty-four thousand dollars;

(C) From August 1, 2023, until July 31, 2025, the maximum amount eligible under (b)(i) of this subsection is sixteen thousand dollars.

(2) The seller must keep records necessary for the department to verify eligibility under this section. A person claiming the exemption must also submit itemized information to the department for all vehicles for which an exemption is claimed that must include the following: Vehicle make; vehicle model; model year; whether the vehicle has been sold or leased; date of sale or start date of lease; length of lease; and the total amount qualifying for the incentive claimed for each vehicle, in addition to the future monthly amount to be claimed for each leased vehicle. This information must be provided in a form and manner prescribed by the department.

(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.

(4)(a) Vehicles purchased or leased vehicles for which the lease agreement was signed after the qualification period end date do not qualify for the exemption under this section.

(b) All leased vehicles that qualified for the exemption under this section before the qualification period end date must continue to receive the exemption as described under subsection (1)(b) of this section on any lease payments due through the remainder of the lease before the expiration date of this section.

(5) The definitions in section 11 of this act apply to this section.

(6) This section expires August 1, 2028.

**Sec.**  RCW 82.08.816 and 2009 c 459 s 4 are each amended to read as follows:

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

(a) The sale of batteries for electric vehicles, including batteries sold as a component of an electric bus at the time of the vehicle's sale;

(b) The sale of or charge made for labor and services rendered in respect to installing, repairing, altering, or improving electric vehicle batteries;

(c) The sale of or charge made for labor and services rendered in respect to installing, constructing, repairing, or improving electric vehicle infrastructure; ((~~and~~))

(d) The sale of tangible personal property that will become a component of electric vehicle infrastructure during the course of installing, constructing, repairing, or improving electric vehicle infrastructure; and

(e) The sale of zero emissions buses.

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

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

(a) "Battery charging station" means an electrical component assembly or cluster of component assemblies designed specifically to charge batteries within electric vehicles, which meet or exceed any standards, codes, and regulations set forth by chapter 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

(b) "Battery exchange station" means a fully automated facility that will enable an electric vehicle with a swappable battery to enter a drive lane and exchange the depleted battery with a fully charged battery through a fully automated process, which meets or exceeds any standards, codes, and regulations set forth by chapter 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

(c) "Electric vehicle infrastructure" means structures, machinery, and equipment necessary and integral to support an electric vehicle, including battery charging stations, rapid charging stations, and battery exchange stations.

(d) "Rapid charging station" means an industrial grade electrical outlet that allows for faster recharging of electric vehicle batteries through higher power levels, which meets or exceeds any standards, codes, and regulations set forth by chapter 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

(e) "Zero emissions bus" means a bus that emits no exhaust gas from the onboard source of power.

(4) This section expires ((~~January~~)) August 1, ((~~2020~~)) 2029.

**Sec.**  RCW 82.12.816 and 2009 c 459 s 5 are each amended to read as follows:

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

(a) Electric vehicle batteries, including batteries sold as a component of an electric bus at the time of the vehicle's sale;

(b) Labor and services rendered in respect to installing, repairing, altering, or improving electric vehicle batteries; ((~~and~~))

(c) Tangible personal property that will become a component of electric vehicle infrastructure during the course of installing, constructing, repairing, or improving electric vehicle infrastructure; and

(d) Zero emissions buses.

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

(a) "Battery charging station" means an electrical component assembly or cluster of component assemblies designed specifically to charge batteries within electric vehicles, which meet or exceed any standards, codes, and regulations set forth by chapter 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

(b) "Battery exchange station" means a fully automated facility that will enable an electric vehicle with a swappable battery to enter a drive lane and exchange the depleted battery with a fully charged battery through a fully automated process, which meets or exceeds any standards, codes, and regulations set forth by chapter 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

(c) "Electric vehicle infrastructure" means structures, machinery, and equipment necessary and integral to support an electric vehicle, including battery charging stations, rapid charging stations, and battery exchange stations.

(d) "Rapid charging station" means an industrial grade electrical outlet that allows for faster recharging of electric vehicle batteries through higher power levels, which meets or exceeds any standards, codes, and regulations set forth by chapter 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

(e) "Zero emissions bus" means a bus that emits no exhaust gas from the onboard source of power.

(3) This section expires ((~~January~~)) August 1, ((~~2020~~)) 2029.

**Sec.**  RCW 82.16.0496 and 2017 c 116 s 2 are each amended to read as follows:

(1)(a)(i) A person who is taxable under this chapter is allowed a credit against the tax imposed in this chapter according to the gross vehicle weight rating of the vehicle and the incremental cost of the vehicle purchased above the purchase price of a comparable conventionally fueled vehicle. The credit is limited, as set forth in the table below, to the lesser of the incremental cost amount or the maximum credit amount per vehicle purchased((~~, and subject to a maximum annual credit amount per vehicle class~~)).

|  |  |  |  |
| --- | --- | --- | --- |
| Gross Vehicle Weight | Incremental Cost Amount | Maximum Credit AmountPer Vehicle | ((~~Maximum Annual Credit~~~~Per Vehicle Class~~)) |
| Up to 14,000 pounds | 50% of incremental cost | $25,000 | ((~~$2,000,000~~)) |
| 14,001 to 26,500 pounds | 50% of incremental cost | $50,000 | ((~~$2,000,000~~)) |
| Above 26,500 pounds | 50% of incremental cost | $100,000 | ((~~$2,000,000~~)) |

(ii) A person who is taxable under this chapter is allowed a credit against the tax imposed in this chapter for up to fifty percent of the cost to purchase alternative fuel vehicle infrastructure, tangible personal property that will become a component of alternative fuel vehicle infrastructure, and installation and construction of alternative fuel vehicle infrastructure, but excluding the cost of property acquisition and site improvement related to the installation of alternative fuel vehicle infrastructure.

(b) ((~~On September 1st of each year any unused credits from any weight class identified in the table in (a) of this subsection must be made available to applicants applying for credits under any other weight class listed.~~)) The credit established in this section and RCW 82.04.4496 is subject to a maximum annual credit amount of six million dollars, and a maximum total credit amount of thirty-two and one-half million dollars beginning July 15, 2015.

(c) The credit provided in (a)(i) of this subsection ((~~(1)~~)) is available for the lease of a vehicle. The credit amount for a leased vehicle is equal to the credit in (a)(i) of this subsection ((~~(1)~~)) multiplied by the lease reduction factor. The person claiming the credit for a leased vehicle must be the lessee as identified in the lease contract.

(2) A person who is taxable under this chapter is allowed((~~, subject to the maximum annual credit per vehicle class in subsection (1)(a) of this section,~~)) a credit against the tax imposed in this chapter for the lesser of twenty-five thousand dollars or thirty percent of the costs of converting a commercial vehicle to be principally powered by a clean alternative fuel with a United States environmental protection agency certified conversion.

(3) The total credits under subsection (1)(a)(i) of this section may not exceed the lesser of two hundred fifty thousand dollars or twenty-five vehicles per person per calendar year.

(4) A person may not receive credit under this section for amounts claimed as credits under chapter 82.04 RCW.

(5) Credits are available on a first-in-time basis.

(a) The department must disallow any credits, or portion thereof, that would cause the total amount of credits claimed under this section, and RCW 82.04.4496, during any calendar year to exceed six million dollars. The department must provide notification on its web site monthly on the amount of credits that have been applied for, the amount issued, and the amount remaining before the statewide annual limit is reached. In addition, the department must provide written notice to any person who has applied to claim tax credits in excess of the limitation in this subsection.

(b) The department must disallow any credits, or portion thereof, that would cause the total amount of credits claimed beginning July 15, 2015, under this section and RCW 82.04.4496 to exceed thirty-two and one-half million dollars. The department must provide notification on its web site monthly on the total amount of credits that have been applied for, the amount issued, and the amount remaining before the statewide limit is reached. In addition, the department must provide written notice to any person who has applied to claim tax credits in excess of the limitation in this subsection.

(6) For the purposes of the limits provided in this section, a credit must be counted against such limits for the calendar year in which the credit is earned.

(7) To claim a credit under this section a person must electronically file with the department all returns, forms, and any other information required by the department, in an electronic format as provided or approved by the department. No refunds may be granted for credits under this section.

(8) To claim a credit under this section, the person applying must:

(a) Complete an application for the credit which must include:

(i) The name, business address, and tax identification number of the applicant;

(ii) A quote or unexecuted copy of the purchase requisition or order for the vehicle, infrastructure, infrastructure components, infrastructure construction, or infrastructure installation;

(iii) The type of alternative fuel to be used by the vehicle or supported by the infrastructure;

(iv) The incremental cost of the alternative fuel system for vehicle credits;

(v) The anticipated delivery date of the vehicle, the anticipated delivery date of the infrastructure or infrastructure components, the anticipated construction completion date of the infrastructure, or the anticipated installation completion date of the infrastructure;

(vi) The estimated annual fuel use of the vehicle in the anticipated duties or the estimated annual fuel to be supplied by the infrastructure;

(vii) The gross weight of each vehicle for vehicle credits;

(viii) For leased vehicles, a copy of the lease contract that includes the gross capitalized cost, residual value, and name of the lessee; and

(ix) Any other information deemed necessary by the department to support administration or reporting of the program.

(b) Within fifteen days of notice of credit availability from the department, provide notice of intent to claim the credit including:

(i) A copy of the order for the vehicle or infrastructure-related item, including the total cost for the vehicle or infrastructure-related item;

(ii) The anticipated delivery date of the vehicle or infrastructure or infrastructure component, which must be within one year of acceptance of the credit; ((~~and~~))

(iii) The anticipated construction or installation completion date of the infrastructure, which must be within two years of acceptance of the credit; and

(iv) Any other information deemed necessary by the department to support administration or reporting of the program.

(c) Provide final documentation within fifteen days of receipt of the vehicle or infrastructure or infrastructure components or of completion of construction or installation of the infrastructure, including:

(i) A copy of the final invoice for the vehicle or infrastructure-related items;

(ii) A copy of the factory build sheet or equivalent documentation;

(iii) The vehicle identification number of each vehicle;

(iv) The incremental cost of the alternative fuel system for vehicle credits;

(v) Attestations signed by both the seller and purchaser of the vehicle attesting that the incremental cost of the alternative fuel system includes only the costs necessary for the vehicle to run on alternative fuel and no other vehicle options, equipment, or costs; and

(vi) Any other information deemed necessary by the department to support administration or reporting of the program.

(9) A person applying for credit under subsection (8) of this section may apply for multiple vehicles on the same application, but the application must include the required information for each vehicle included in the application. A separate application is required for infrastructure-related items, but all infrastructure-related items at a single location may be included in a single application provided the required information for each infrastructure-related item is included in the application.

(10) To administer the credits, the department must, at a minimum:

(a) Provide notification on its web site monthly of the amount of credits that have been applied for, claimed, and the amount remaining before the statewide annual limit ((~~is~~)) and total limit are reached;

(b) Within fifteen days of receipt of the application, notify persons applying of the availability of tax credits in the year in which the vehicles or infrastructure applied for are anticipated to be delivered, constructed, or installed;

(c) Within fifteen days of receipt of the notice of intent to claim the tax credit, notify the applicant of the approval, denial, or missing information in their notice; and

(d) Within fifteen days of receipt of final documentation, review the documentation and notify the person applying of the acceptance of their final documentation.

(11) If a person fails to supply the information as required in subsection (8) of this section, the department must deny the application.

(12)(a) Taxpayers are only eligible for a credit under this section based on:

(i) Sales or leases of new commercial vehicles and qualifying used commercial vehicles with propulsion units that are principally powered by a clean alternative fuel; ((~~or~~))

(ii) Costs to modify a commercial vehicle, including sales of tangible personal property incorporated into the vehicle and labor or service expenses incurred in modifying the vehicle, to be principally powered by a clean alternative fuel; or

(iii) Sales of alternative fuel vehicle infrastructure or infrastructure components, or the cost of construction or installation of alternative fuel vehicle infrastructure.

(b) A credit is earned when the purchaser or the lessee takes receipt of the qualifying commercial vehicle or infrastructure-related item, the vehicle conversion is complete, or the construction or installation of the infrastructure is complete.

(13) The definitions in RCW 82.04.4496 apply to this section.

(14) A credit earned during one calendar year may be carried over to be credited against taxes incurred in the subsequent calendar year, but may not be carried over a second year.

(15)(a) Beginning November 25, 2015, and on the 25th of February, May, August, and November of each year thereafter, the department must notify the state treasurer of the amount of credits taken under this section as reported on returns filed with the department during the preceding calendar quarter ending on the last day of December, March, June, and September, respectively.

(b) On the last day of March, June, September, and December of each year, the state treasurer, based upon information provided by the department, must transfer a sum equal to the dollar amount of the credit provided under this section from the multimodal transportation account to the general fund.

(16) Credits may be earned under this section from January 1, 2016, through January 1, ((~~2021~~)) 2030, except for credits for leased vehicles, which may be earned from July 1, 2016, through January 1, ((~~2021~~)) 2030.

(17) Credits earned under this section may not be used after January 1, ((~~2022~~)) 2031.

(18) This section expires January 1, ((~~2022~~)) 2031.

**Sec.**  RCW 82.29A.125 and 2009 c 459 s 3 are each amended to read as follows:

(1) Leasehold excise tax may not be imposed on leases to tenants of public lands for purposes of installing, maintaining, and operating electric vehicle infrastructure.

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

(a) "Battery charging station" means an electrical component assembly or cluster of component assemblies designed specifically to charge batteries within electric vehicles, which meet or exceed any standards, codes, and regulations set forth by chapter 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

(b) "Battery exchange station" means a fully automated facility that will enable an electric vehicle with a swappable battery to enter a drive lane and exchange the depleted battery with a fully charged battery through a fully automated process, which meets or exceeds any standards, codes, and regulations set forth by chapter 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

(c) "Electric vehicle infrastructure" means structures, machinery, and equipment necessary and integral to support an electric vehicle, including battery charging stations, rapid charging stations, and battery exchange stations.

(d) "Rapid charging station" means an industrial grade electrical outlet that allows for faster recharging of electric vehicle batteries through higher power levels, which meets or exceeds any standards, codes, and regulations set forth by chapter 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

(3) This section expires ((~~January~~)) August 1, ((~~2020~~)) 2029.

**Sec.**  RCW 82.44.200 and 2015 3rd sp.s. c 44 s 404 are each amended to read as follows:

The electric vehicle ((~~charging infrastructure~~)) account is created in the transportation infrastructure account. Proceeds from the principal and interest payments made on loans from the account must be deposited into the account. Expenditures from the account may be used only for the purposes specified in RCW 47.04.350 and sections 11 and 12 of this act. Moneys in the account may be spent only after appropriation.

NEW SECTION. **Sec.**  A new section is added to chapter 47.04 RCW to read as follows:

(1) Subject to the availability of amounts appropriated for this specific purpose, the department's public-private partnership office must develop a pilot program to support electric vehicle car sharing programs to provide electric vehicle use opportunities to underserved communities and low to moderate income members of the workforce not readily served by transit or located in transportation corridors with emissions that exceed federal or state emissions standards. Nonprofit organizations with a demonstrated history of managing or implementing low-income transportation electric and shared mobility pilot programs are eligible to participate in this program.

(2) The department must determine specific eligibility criteria, based on the requirements of this section, the report submitted to the legislature by the Puget Sound clean air agency entitled facilitating low-income utilization of electric vehicles, and other factors relevant to increasing electric vehicle use in underserved and low to moderate income communities. The department may adopt rules specifying the eligibility criteria it selects.

(3) The department may conduct preliminary workshops with potential bidders and other potential partners to determine the best method of designing the pilot program.

(4) The department must include the following elements in its proposal evaluation and scoring methodology: History of successful management of equity focused electric vehicle projects; substantial level of involvement from community-based, equity focused organizations in the project; plan for long-term financial sustainability of the work beyond the duration of the grant period; matching resources leveraged for the project; and geographical diversity of the projects selected.

(5) After selecting successful proposals under this section, the department may provide grant funding to them. The total grant amount available per project may range from fifty thousand to two hundred thousand dollars. The grant opportunity must include possible funding of vehicles, charging infrastructure, staff time, and any other expenses required to implement the project. No more than ten percent of grant funds may be used for administrative expenses.

NEW SECTION. **Sec.**  Subject to the availability of amounts appropriated for this specific purpose, the department of commerce must conduct a study to identify opportunities to reduce barriers to electric vehicle adoption by lower income residents of the state through the use of vehicle and infrastructure financing assistance. The study must include an assessment of opportunities to work with nonprofit lenders to facilitate vehicle purchases through the use of loan-loss reserves and rate buy downs by qualified borrowers purchasing electric vehicles that are eligible for the tax exemptions under sections 11 and 12 of this act, and may address additional financing assistance opportunities identified. The study must focus on potential borrowers who are at or below eighty percent of the state median household income. The study may also address any additional opportunities identified to increase electric vehicle adoption by lower income residents of the state.

The department of commerce must provide a report detailing the findings of this study to the transportation committees of the legislature by December 1, 2019, and may contract with a consultant on all or a portion of the study.

NEW SECTION. **Sec.**  (1) Subject to the availability of amounts appropriated for this specific purpose, the joint transportation committee shall produce a report that analyzes the policy, technology, and infrastructure changes necessary to transition Washington to a low-carbon transportation network in a manner that minimizes costs and maximizes benefits for Washington's economy, improves and modernizes Washington's energy infrastructure, and maintains electric system reliability. The report must be directed at achieving carbon emission reductions in the transportation sector consistent with a state economy-wide reduction target of eighty percent below 1990 carbon emission levels, and must analyze the changes necessary to transition Washington's transportation network in order to meet the following:

(a) All privately owned passenger and light duty vehicles of model year 2035 or later sold or registered in Washington state be zero emission vehicles;

(b) All vehicles of model year 2025 or later operated by agencies or local government subdivisions of the state of Washington be zero emission vehicles, or other vehicles that use nonfossil alternative fuels when zero emission vehicles are impracticable;

(c) Public transit vehicle fleets be zero emission by 2040; and

(d) Short-haul air travel, rail, freight vehicles, and long distance transit rely on nonfossil alternative fuels by 2040.

(2) The report must include, at a minimum, the following elements:

(a) An analysis of reduction pathways to achieve the emission reduction target identified in subsection (1) of this section. The analysis should evaluate a number of strategies, including increased utilization of public transportation, transition of fleets and personal vehicles to zero emission vehicles, and other strategies designed to reduce vehicle miles traveled. This analysis shall seek to minimize costs and maximize benefits, especially to low-income and vulnerable communities;

(b) Predicted number, type, year of installation, and geographic distribution of fueling stations needed to support the adoption of zero emission vehicles, and the predicted yearly investments needed to construct such fueling stations;

(c) An analysis of the generation, transmission, and distribution upgrades and infrastructure buildout needed to support widespread adoption of zero emission vehicles, and an analysis of the investment required to implement such upgrades;

(d) An analysis of the strategies utilities may employ to achieve transportation electrification goals at the lowest reasonable cost, especially to low-income customers, including but not limited to: Upgrades to electrical transmission and distribution systems, programs, incentives, and investments, and changes to rate design that are necessary to meet the emission reduction target identified in subsection (1) of this section;

(e) An estimate of the cost differential between the purchase price of new zero emission and internal combustion engine vehicles over the next thirty years;

(f) An analysis of the predicted lifetime cost of ownership of zero emission vehicles compared to internal combustion engine vehicles;

(g) An analysis of the effect of widespread adoption of zero emission vehicles on state transportation revenues, and recommendations as to alternative sources of revenues to replace fuel tax revenues;

(h) Predicted yearly change in gasoline and diesel sales in the state as a result of widespread adoption of zero emission vehicles;

(i) An analysis of the impacts of widespread adoption of zero emission vehicles for low-income persons, and strategies for maximizing equity during the transition to widespread adoption of zero emission vehicles;

(j) An analysis of the impact on Washington's air quality, including change in greenhouse gas emissions, as a result of the widespread adoption of zero emission vehicles, with a particular focus on areas that are designated by the federal government as nonattainment or maintenance areas under the federal clean air act, or by the department of ecology as being at risk of nonattainment;

(k) An analysis of the potential costs and potential economic and noneconomic benefits to Washington's economy as a result of widespread adoption of zero emission vehicles, using the best available scientific and economic models. This analysis must include impacts on health, air pollution, and greenhouse gas emissions and the associated costs and economic benefits;

(l) An analysis of the potential modifications and additions to the current state commute trip reduction including, but not limited to, changes to the size of vanpools, definitions of a commute trip, commute trip times, first and last mile options, and eligibility size for entities participating in the program; and

(m) An analysis of the generation, transmission, and distribution upgrades and infrastructure buildouts needed by each public transit agency in order for all public transit vehicle fleets to be zero emission by 2040.

(3) The report must outline scenarios that will achieve the requirements and goals listed in subsection (1) of this section that include iterations of the following:

(a) Technology adoption benchmarks based on slower and more rapid time frames;

(b) Compliance scenarios that include increased public transportation utilization, multimodal transportation options, and reduced vehicle miles traveled; and

(c) Revenue and spending analysis associated with the different scenarios based on benchmarking and different transportation options.

(4) In producing the report, the joint transportation committee shall:

(a) Consult with, at a minimum, the department of commerce, the department of ecology, the department of transportation, and the utilities and transportation commission;

(b) Conduct a series of public workshops to give interested parties an opportunity to comment on the report, especially including disadvantaged and low-income communities, and communities of color;

(c) Convene an advisory committee, of at least nine members, to advise it in developing the report. The advisory committee must be composed of representatives from communities in the state who would experience the greatest benefits or disadvantages from widespread adoption of electric and zero emission vehicles including, but not limited to, communities of color and low-income communities;

(d) Appoint an economic and technology advancement advisory committee to advise the joint transportation committee on activities that will facilitate investment in and implementation of technological research and development opportunities including, but not limited to, identifying new technology research, demonstration projects, funding opportunities, developing state, national, and international partnerships and technology transfer opportunities, and identifying and assessing research and advanced technology investment and incentive opportunities that will assist in moving away from internal combustion engine vehicles and toward zero emission vehicles. The advisory committee may also advise the joint transportation committee on state, regional, national, and international economic and technological developments related to zero emission vehicles; and

(e) Consult with other states, the federal government, and other nations to identify the most effective strategies and methods to provide adequate fueling infrastructure and meet other needs created by the widespread adoption of zero emission vehicles.

(5) The joint transportation committee shall submit the report, in accordance with RCW 43.01.036, to the standing committees of the house of representatives and senate with jurisdiction over energy, the environment, and transportation, by January 1, 2021.

(6) For the purposes of this section, "zero emission vehicle" means a vehicle that emits no exhaust, including no greenhouse gases, from the onboard source of power. This definition includes, but is not limited to, electric vehicles and hydrogen fuel cell electric vehicles.

(7) This section expires January 1, 2021.

NEW SECTION. **Sec.**  A new section is added to chapter 47.66 RCW to read as follows:

(1)(a) The department shall establish a green transportation capital grant program. The purpose of the grant program is to aid any transit authority in funding cost-effective capital projects such as electrification of vehicle fleets, modification or replacement of capital facilities in order to facilitate fleet electrification, necessary upgrades to electrical transmission and distribution systems, and construction of charging and fueling stations, which reduce the carbon intensity of the Washington transportation system. The department shall identify projects and shall submit a prioritized list of all projects requesting funding to the legislature by December 1st of each even-numbered year.

(b) The department shall select projects based on a competitive process that considers the following criteria:

(i) The cost-effectiveness of the reductions in carbon emissions provided by the project; and

(ii) The benefit provided to transitioning the entire state to a transportation system with lower carbon intensity.

(2) The department must establish an advisory committee to assist in identifying projects under subsection (1) of this section. The advisory committee must include representatives from the department of ecology, the department of commerce, the utilities and transportation commission, and at least one transit authority.

(3) In order to receive green transportation capital grant program funding for a project, a transit authority must provide matching funding for that project that is at least equal to the amount of funding provided through the green transportation capital grant program.

(4) The department must report annually to the transportation committees of the legislature on the status of any grant projects funded by the program created under this section.

(5) For purposes of this section, "transit authority" means a city transit system under RCW 35.58.2721 or chapter 35.95A RCW, a county public transportation authority under chapter 36.57 RCW, a metropolitan municipal corporation transit system under chapter 36.56 RCW, a public transportation benefit area under chapter 36.57A RCW, an unincorporated transportation benefit area under RCW 36.57.100, a regional transit authority under chapter 81.112 RCW, or any special purpose district formed to operate a public transportation system.

NEW SECTION. **Sec.**  Sections 1 through 9, 11 through 14, and 16 through 21 of this act take effect August 1, 2019.

NEW SECTION. **Sec.**  Sections 10 and 15 of this act take effect January 1, 2020.

**--- END ---**