

**E2SHB 2042** - S COMM AMD  
By Committee on Transportation

**NOT ADOPTED 04/28/2019**

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that increasing the  
4 rate of adoption of electric vehicles and vessels and other clean  
5 alternative fuel vehicles will help to reduce harmful air pollution  
6 from exhaust emissions, including greenhouse gas emissions, in the  
7 state. The legislature also finds that an increased reliance on  
8 greener transit options will help to further reduce harmful air  
9 pollution from exhaust emissions. The legislature further finds that  
10 support for clean alternative fuel infrastructure can help to  
11 increase adoption of green transportation in the state, as noted in a  
12 2015 joint transportation committee report. It is therefore the  
13 legislature's intent to drive green vehicle and vessel adoption and  
14 increased green transit use by: (1) Establishing and extending tax  
15 incentive programs for alternative fuel vehicles and related  
16 infrastructure, including for commercial vehicles; (2) providing  
17 funding for a capital grant program to assist transit authorities in  
18 reducing the carbon output of their fleets; (3) increasing public and  
19 private electric utilities' ability to invest in electric vehicle  
20 charging infrastructure; (4) establishing a technical assistance  
21 program for public agencies within the Washington State University's  
22 energy program; (5) funding a pilot program to test methods for  
23 facilitating access to alternative fuel vehicles and alternative fuel  
24 vehicle infrastructure by low-income residents of the state; (6)  
25 funding a study to examine opportunities to provide financing  
26 assistance to lower-income residents of the state who would like to  
27 purchase an electric vehicle; and (7) establishing a tax incentive  
28 program for certain electric vessels.

29 **Sec. 2.** RCW 28B.30.903 and 2010 c 37 s 1 are each amended to  
30 read as follows:

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

13       (2) Subject to the availability of amounts appropriated for this  
14 specific purpose, the Washington State University extension energy  
15 program shall establish and administer a technical assistance and  
16 education program focused on the use of alternative fuel vehicles.  
17 Education and assistance may be provided to public agencies,  
18 including local governments and other state political subdivisions.

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

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

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

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

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

1 (ii) Bidders must demonstrate that the proposed project will be  
2 valuable to ~~((electric))~~ clean alternative fuel vehicle drivers and  
3 will address an existing gap in the state's ~~((electric vehicle  
4 charging station))~~ low carbon transportation infrastructure;

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

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

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

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

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

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

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

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

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

34 **Sec. 4.** 2019 c ... (SHB 1512) s 1 (uncodified) is amended to  
35 read as follows:

36 The legislature finds that:

37 (1) Programs for the electrification of transportation have the  
38 potential to allow electric utilities to optimize the use of electric  
39 grid infrastructure, improve the management of electric loads, and

1 better manage the integration of variable renewable energy resources.  
2 Depending upon each utility's unique circumstances, electrification  
3 of transportation programs may provide cost-effective energy  
4 efficiency, through more efficient use of energy resources, and more  
5 efficient use of the electric delivery system. Electrification of  
6 transportation may result in cost savings and benefits for all  
7 ratepayers.

8 (2) State policy can achieve the greatest return on investment in  
9 reducing greenhouse gas emissions and improving air quality by  
10 expediting the transition to alternative fuel vehicles, including  
11 electric vehicles. Potential benefits associated with electrification  
12 of transportation include the monetization of environmental  
13 attributes associated with carbon reduction in the transportation  
14 sector.

15 (3) Legislative clarity is important for utilities to offer  
16 programs and services, including incentives, in the electrification  
17 of transportation for their customers. It is the intent of the  
18 legislature to allow all utilities to support transportation  
19 electrification to further the state's policy goals and achieve  
20 parity among all electric utilities, so each electric utility,  
21 depending on its unique circumstances, can determine its appropriate  
22 role in the development of electrification of transportation  
23 infrastructure.

24 **Sec. 5.** RCW 80.28.--- and 2019 c ... (SHB 1512) s 4 are each  
25 amended to read as follows:

26 (1) An electric utility regulated by the utilities and  
27 transportation commission under this chapter may submit to the  
28 commission an electrification of transportation plan that deploys  
29 electric vehicle supply equipment or provides other electric  
30 transportation programs, services, or incentives to support  
31 electrification of transportation(~~(, provided that such electric~~  
32 ~~vehicle supply equipment, programs, or services may not increase~~  
33 ~~costs to customers in excess of one-quarter of one percent above the~~  
34 ~~benefits of electric transportation to all customers over a period~~  
35 ~~consistent with the utility's planning horizon under its most recent~~  
36 ~~integrated resource plan)). The plans should align to a period  
37 consistent with either the utility's planning horizon under its most  
38 recent integrated resource plan or the time frame of the actions  
39 contemplated in the plan, and may include:~~

1 (a) Any programs that the utility is proposing contemporaneously  
2 with the plan filing or anticipates later in the plan period;

3 (b) Anticipated benefits of transportation electrification, based  
4 on a forecast of electric transportation in the utilities' service  
5 territory; and

6 (c) Anticipated costs of programs, subject to the restrictions in  
7 RCW 80.28.360.

8 (2) In reviewing an electrification of transportation plan under  
9 subsection (1) of this section, the commission may consider the  
10 following: (a) The applicability of multiple options for  
11 electrification of transportation across all customer classes; (b)  
12 the impact of electrification on the utility's load, and whether  
13 demand response or other load management opportunities, including  
14 direct load control and dynamic pricing, are operationally  
15 appropriate; (c) system reliability and distribution system  
16 efficiencies; (d) interoperability concerns, including the  
17 interoperability of hardware and software systems in electrification  
18 of transportation proposals; and (e) the benefits and costs of the  
19 planned actions (~~and (f) the overall customer experience~~).

20 (3) The commission must issue an acknowledgment of an  
21 electrification of transportation plan within six months of the  
22 submittal of the plan. The commission may establish by rule the  
23 requirements for preparation and submission of an electrification of  
24 transportation plan. An electric utility may submit a plan under this  
25 section before or during rule-making proceedings.

26 **Sec. 6.** RCW 80.28.360 and 2019 c ... (SHB 1512) s 5 are each  
27 amended to read as follows:

28 (1) In establishing rates for each electrical company regulated  
29 under this title, the commission may allow an incentive rate of  
30 return on investment through December 31, 2030, on capital  
31 expenditures for electric vehicle supply equipment that is deployed  
32 for the benefit of ratepayers, provided that the capital expenditures  
33 of the utilities' programs or plans in section 5(1) of this act do  
34 not increase (~~costs to ratepayers~~) the annual retail revenue  
35 requirement of the utility, after accounting for the benefits of  
36 transportation electrification in each year of the plan, in excess of  
37 one-quarter of one percent. The commission must consider and may  
38 adopt other policies to improve access to and promote fair  
39 competition in the provision of electric vehicle supply equipment.

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

9 (3) The incentive rate of return on investment authorized in  
10 subsection (2) of this section applies only to projects which have  
11 been installed after July 1, 2015.

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

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

25 NEW SECTION. **Sec. 7.** This section is the tax preference  
26 performance statement for the tax preferences contained in sections 8  
27 through 14, chapter . . ., Laws of 2019 (sections 8 through 14 of  
28 this act). The performance statement is only intended to be used for  
29 subsequent evaluation of the tax preference. It is not intended to  
30 create a private right of action by any party or be used to determine  
31 eligibility for preferential tax treatment.

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

35 (2) It is the legislature's specific public policy objective to  
36 increase the use of clean alternative fuel vehicles in Washington. It  
37 is the legislature's intent to establish and extend tax incentive  
38 programs for alternative fuel vehicles and related infrastructure by:

39 (a) Reinstating the sales and use tax exemption on certain clean

1 alternative fuel vehicles in order to reduce the price charged to  
 2 customers for clean alternative fuel vehicles; (b) extending the  
 3 business and occupation and public utility tax credit for clean  
 4 alternative fuel commercial vehicles and expanding it to include  
 5 clean alternative fuel infrastructure; (c) extending the sales and  
 6 use tax exemption for electric vehicle batteries, fuel cells, and  
 7 infrastructure and expanding it to include the electric battery and  
 8 fuel cell components of electric buses and zero emissions buses; and  
 9 (d) extending the leasehold excise tax exemption to tenants of public  
 10 lands for battery and fuel cell electric vehicle infrastructure.

11 (3) To measure the effectiveness of the tax preferences in  
 12 sections 8 through 14, chapter . . ., Laws of 2019 (sections 8  
 13 through 14 of this act) in achieving the public policy objectives  
 14 described in subsection (2) of this section, the joint legislative  
 15 audit and review committee must evaluate the number of clean  
 16 alternative fuel vehicles titled in the state.

17 (4) In order to obtain the data necessary to perform the review  
 18 in subsection (3) of this section, the department of licensing and  
 19 the department of revenue must provide data needed for the joint  
 20 legislative audit and review committee analysis. In addition to the  
 21 data source described under this subsection, the joint legislative  
 22 audit and review committee may use any other data it deems necessary.

23 **Sec. 8.** RCW 82.04.4496 and 2017 c 116 s 1 are each amended to  
 24 read as follows:

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

Gross Vehicle Weight	Incremental Cost Amount	Maximum Credit Amount Per Vehicle	Maximum Annual Credit Per Vehicle Class
Up to 14,000 pounds	<del>((50%))</del> 75% of incremental cost	\$25,000	\$2,000,000
14,001 to 26,500 pounds	<del>((50%))</del> 75% of incremental cost	\$50,000	\$2,000,000

Above 26,500 pounds	<del>((50%))</del> 75% of incremental cost	\$100,000	\$2,000,000
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(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. The credit is subject to a maximum annual credit amount of two million dollars.

(b) On September 1st of each year, any unused credits from any ~~((weight class))~~ category identified in ~~((the table in))~~ (a) of this subsection must be made available to applicants applying for credits under any other ~~((weight class listed))~~ category identified in (a) of this subsection, subject to the maximum annual and total credit amounts identified in this subsection. 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))~~ category 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))~~ fifty 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.



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 (c) Provide final documentation within ~~((fifteen))~~ thirty days of  
30 receipt of the vehicle or infrastructure or infrastructure components  
31 or of completion of construction or installation of the  
32 infrastructure, including:

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

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

37 (iii) The vehicle identification number of each vehicle;

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

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

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

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

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

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

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

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

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

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

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

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

39 (ii) Costs to modify a commercial vehicle, including sales of  
40 tangible personal property incorporated into the vehicle and labor or

1 service expenses incurred in modifying the vehicle, to be principally  
2 powered by a clean alternative fuel; or

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

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

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

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

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

24 (15) The department must conduct outreach to interested parties  
25 to obtain input on how best to streamline the application process  
26 required for the credit made available in this section and RCW  
27 82.16.0496 to further adoption of alternative fuel technologies in  
28 commercial vehicle fleets, and must incorporate the findings  
29 resulting from this outreach effort into the rules and practices it  
30 adopts to implement and administer this section and RCW 82.16.0496 to  
31 the extent permitted under law.

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

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

37 (b) "Auto transportation company" means any corporation or person  
38 owning, controlling, operating, or managing any motor propelled  
39 vehicle, used in the business of transporting persons for  
40 compensation over public highways within the state of Washington,

1 between fixed points or over a regular route. For the purposes of  
2 this section, "auto transportation company" also includes the  
3 following categories of providers irrespective of whether they  
4 provide service between fixed points or over a regular route:  
5 "Private, nonprofit transportation provider" as defined in RCW  
6 81.66.010, "charter party carrier" as defined in RCW 81.70.020, and  
7 paratransit service providers who primarily provide special needs  
8 transportation to individuals with disabilities and the elderly.

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

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

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

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

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

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

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

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

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

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

39 ~~((16))~~ (17) Credits may be earned under this section from  
40 January 1, 2016, ~~((through January 1, 2021))~~ until the maximum total

1 credit amount in subsection (1)(b) of this section is reached, except  
2 for credits for leased vehicles, which may be earned from July 1,  
3 2016, (~~(through January 1, 2021)~~) until the maximum total credit  
4 amount in subsection (1)(b) of this section is reached.

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

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

8 NEW SECTION. Sec. 9. A new section is added to chapter 82.08  
9 RCW to read as follows:

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

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

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

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

20 (iii) (A) Have a vehicle selling price plus trade-in property of  
21 like kind for purchased vehicles that:

22 (I) For a vehicle that is a new vehicle at the time of the  
23 purchase date or the date the lease agreement was signed, does not  
24 exceed forty-five thousand dollars; or

25 (II) For a vehicle that is a used vehicle at the time of the  
26 purchase date or the date the lease agreement was signed, does not  
27 exceed thirty thousand dollars; or

28 (B) Have a fair market value at the inception of the lease for  
29 leased vehicles that:

30 (I) For a vehicle that is a new vehicle at the time of the  
31 purchase date or the date the lease agreement was signed, does not  
32 exceed forty-five thousand dollars; or

33 (II) For a vehicle that is a used vehicle at the time of the  
34 purchase date or the date the lease agreement was signed, does not  
35 exceed thirty thousand dollars;

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

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

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

5 (ii) Based on the purchase date or the date the lease agreement  
6 was signed of the vehicle if the vehicle is a new vehicle at the time  
7 of the purchase date or the date the lease agreement was signed:

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

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

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

16 (iii) If the vehicle is a used vehicle at the time of the  
17 purchase date or the date the lease agreement was signed, the maximum  
18 amount eligible under (b)(i) of this subsection is sixteen thousand  
19 dollars.

20 (2) The seller must keep records necessary for the department to  
21 verify eligibility under this section. A person claiming the  
22 exemption must also submit itemized information to the department for  
23 all vehicles for which an exemption is claimed that must include the  
24 following: Vehicle make; vehicle model; model year; whether the  
25 vehicle has been sold or leased; date of sale or start date of lease;  
26 length of lease; sales price for purchased vehicles and fair market  
27 value at the inception of the lease for leased vehicles; and the  
28 total amount qualifying for the incentive claimed for each vehicle,  
29 in addition to the future monthly amount to be claimed for each  
30 leased vehicle. This information must be provided in a form and  
31 manner prescribed by the department.

32 (3)(a) The department of licensing must maintain and publish a  
33 list of all vehicle models that meet the qualifying criteria in  
34 subsection (1)(a)(i) or (ii) of this section and section 10(1)(a)(i)  
35 or (ii) of this act until the expiration date of this section, and is  
36 authorized to issue final rulings on vehicle model qualification for  
37 these criteria. A seller is not responsible for repayment of the tax  
38 exemption under this section and section 10 of this act for a vehicle  
39 if the department of licensing's published list of qualifying vehicle  
40 models on the purchase date or the date the lease agreement was

1 signed includes the vehicle model and the department of licensing  
2 subsequently removes the vehicle model from the published list,  
3 provided the vehicle meets the applicable qualifying criterion under  
4 subsection (1)(a)(iii) of this section and section 10(1)(a)(iii) of  
5 this act.

6 (b) The department of revenue retains responsibility for  
7 determining whether a vehicle meets the applicable qualifying  
8 criterion under subsection (1)(a)(iii) of this section and section  
9 10(1)(a)(iii) of this act.

10 (4) On the last day of January, April, July, and October of each  
11 year, the state treasurer, based upon information provided by the  
12 department, must transfer from the electric vehicle account to the  
13 general fund a sum equal to the dollar amount that would otherwise  
14 have been deposited into the general fund during the prior calendar  
15 quarter but for the exemption provided in this section. Information  
16 provided by the department to the state treasurer must be based on  
17 the best available data, except that the department may provide  
18 estimates of taxes exempted under this section until such time as  
19 retailers are able to report such exempted amounts on their tax  
20 returns.

21 (5) By the last day of October 2019, and every six months  
22 thereafter until this section expires, based on the best available  
23 data, the department must report the following information to the  
24 transportation committees of the legislature: The cumulative number  
25 of vehicles that qualified for the exemption under this section and  
26 section 10 of this act by month of purchase or lease start and  
27 vehicle make and model; the dollar amount of all state retail sales  
28 and use taxes exempted on or after the qualification period start  
29 date, under this section and section 10 of this act; and estimates of  
30 the future costs of leased vehicles that qualified for the exemption  
31 under this section and section 10 of this act.

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

34 (a) "Clean alternative fuel" means natural gas, propane,  
35 hydrogen, or electricity, when used as a fuel in a motor vehicle that  
36 meets the California motor vehicle emission standards in Title 13 of  
37 the California Code of Regulations, effective January 1, 2019, and  
38 the rules of the Washington state department of ecology.

39 (b) "Fair market value" has the same meaning as "value of the  
40 article used" in RCW 82.12.010.



1 (c) "New vehicle" has the same meaning as "new motor vehicle" in  
2 RCW 46.04.358.

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

4 (e) "Qualification period start date" means the effective date of  
5 this section.

6 (f) "Used vehicle" has the same meaning as in RCW 46.04.660.

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

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

16 (8) This section expires August 1, 2028.

17 (9) This section is supported by the revenues generated in  
18 section 23 of this act, and therefore takes effect only if section 23  
19 of this act is enacted by June 30, 2019.

20 NEW SECTION. **Sec. 10.** A new section is added to chapter 82.12  
21 RCW to read as follows:

22 (1) Until August 1, 2028, beginning with sales made or lease  
23 agreements signed on or after the qualification period start date:

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

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

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

32 (iii)(A) Have a fair market value at the time use tax is imposed  
33 for purchased vehicles that:

34 (I) For a vehicle that is a new vehicle at the time of the  
35 purchase date or the date the lease agreement was signed, does not  
36 exceed forty-five thousand dollars; or

37 (II) For a vehicle that is a used vehicle at the time of the  
38 purchase date or the date the lease agreement was signed, does not  
39 exceed thirty thousand dollars; or

1 (B) Have a fair market value at the inception of the lease for  
2 leased vehicles that:

3 (I) For a vehicle that is a new vehicle at the time of the  
4 purchase date or the date the lease agreement was signed, does not  
5 exceed forty-five thousand dollars; or

6 (II) For a vehicle that is a used vehicle at the time of the  
7 purchase date or the date the lease agreement was signed, does not  
8 exceed thirty thousand dollars;

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

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

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

17 (ii) Based on the purchase date or the date the lease agreement  
18 was signed of the vehicle if the vehicle is a new vehicle at the time  
19 of the purchase date or the date the lease agreement was signed:

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

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

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

28 (iii) If the vehicle is a used vehicle at the time of the  
29 purchase date or the date the lease agreement was signed, the maximum  
30 amount eligible under (b) (i) of this subsection is sixteen thousand  
31 dollars.

32 (2) (a) The seller must keep records necessary for the department  
33 to verify eligibility under this section, except as provided in (b)  
34 of this subsection. A person claiming the exemption must also submit  
35 itemized information to the department for all vehicles for which an  
36 exemption is claimed that must include the following: Vehicle make;  
37 vehicle model; model year; whether the vehicle has been sold or  
38 leased; date of sale or start date of lease; length of lease; fair  
39 market value of the vehicle; and the total amount qualifying for the  
40 incentive claimed for each vehicle, in addition to the future monthly

1 amount to be claimed for each leased vehicle. This information must  
2 be provided in a form and manner prescribed by the department.

3 (b) (a) of this subsection applies only if the seller or person  
4 claiming the exemption is a vehicle dealer, as defined under RCW  
5 46.70.011. When the seller is not a vehicle dealer, the department of  
6 licensing must establish a process for granting the tax exemption  
7 under this section for use tax otherwise collected at the time the  
8 ownership of a vehicle is transferred when the vehicle qualifies for  
9 the use tax exemption under subsection (1)(a) of this section, and  
10 must provide any information required under (a) of this subsection  
11 that it obtains as part of the vehicle titling and registration  
12 process for these vehicles to the department on at least a quarterly  
13 basis.

14 (3) Until August 1, 2028, on the last day of January, April,  
15 July, and October of each year, the state treasurer, based upon  
16 information provided by the department, must transfer from the  
17 electric vehicle account to the general fund a sum equal to the  
18 dollar amount that would otherwise have been deposited into the  
19 general fund during the prior calendar quarter but for the exemption  
20 provided in this section. Information provided by the department to  
21 the state treasurer must be based on the best available data.

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

25 (b) All leased vehicles that qualified for the exemption under  
26 this section before the qualification period end date must continue  
27 to receive the exemption as described under subsection (1)(b) of this  
28 section on any lease payments due through the remainder of the lease  
29 before August 1, 2028.

30 (5) The definitions in section 9 of this act apply to this  
31 section.

32 (6) This section is supported by the revenues generated in  
33 section 23 of this act, and therefore takes effect only if section 23  
34 of this act is enacted by June 30, 2019.

35 **Sec. 11.** RCW 82.08.816 and 2009 c 459 s 4 are each amended to  
36 read as follows:

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

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

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

7 (c) The sale of or charge made for labor and services rendered in  
8 respect to installing, constructing, repairing, or improving battery  
9 or fuel cell electric vehicle infrastructure, including hydrogen  
10 fueling stations; ~~((and))~~

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

15 (e) The sale of zero emissions buses.

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

20 (3) On the last day of January, April, July, and October of each  
21 year, the state treasurer, based upon information provided by the  
22 department, must transfer from the multimodal transportation account  
23 to the general fund a sum equal to the dollar amount that would  
24 otherwise have been deposited into the general fund during the prior  
25 calendar quarter but for the exemption provided in this section.  
26 Information provided by the department to the state treasurer must be  
27 based on the best available data, except that the department may  
28 provide estimates of taxes exempted under this section until such  
29 time as retailers are able to report such exempted amounts on their  
30 tax returns.

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

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

38 (b) "Battery exchange station" means a fully automated facility  
39 that will enable an electric vehicle with a swappable battery to  
40 enter a drive lane and exchange the depleted battery with a fully

1 charged battery through a fully automated process, which meets or  
2 exceeds any standards, codes, and regulations set forth by chapter  
3 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

4 (c) "Electric vehicle infrastructure" means structures,  
5 machinery, and equipment necessary and integral to support ~~((and))~~ a  
6 battery or fuel cell electric vehicle, including battery charging  
7 stations, rapid charging stations, ~~((and))~~ battery exchange stations,  
8 fueling stations that provide hydrogen for fuel cell electric  
9 vehicles, and renewable hydrogen production facilities.

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

15 ~~((4))~~ (e) "Renewable hydrogen" means hydrogen produced using  
16 renewable resources both as the source for hydrogen and the source  
17 for the energy input into the production process.

18 (f) "Renewable resource" means (i) water; (ii) wind; (iii) solar  
19 energy; (iv) geothermal energy; (v) renewable natural gas; (vi)  
20 renewable hydrogen; (vii) wave, ocean, or tidal power; (viii)  
21 biodiesel fuel that is not derived from crops raised on land cleared  
22 from old growth or first growth forests; or (ix) biomass energy.

23 (g) "Zero emissions bus" means a bus that emits no exhaust gas  
24 from the onboard source of power, other than water vapor.

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

26 **Sec. 12.** RCW 82.12.816 and 2009 c 459 s 5 are each amended to  
27 read as follows:

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

30 (a) Electric vehicle batteries or fuel cells, including batteries  
31 or fuel cells sold as a component of an electric bus at the time of  
32 the vehicle's sale;

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

36 (c) Tangible personal property that will become a component of  
37 battery or fuel cell electric vehicle infrastructure during the  
38 course of installing, constructing, repairing, or improving battery  
39 or fuel cell electric vehicle infrastructure; and

1 (d) Zero emissions buses.

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

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

9 (b) "Battery exchange station" means a fully automated facility  
10 that will enable an electric vehicle with a swappable battery to  
11 enter a drive lane and exchange the depleted battery with a fully  
12 charged battery through a fully automated process, which meets or  
13 exceeds any standards, codes, and regulations set forth by chapter  
14 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

15 (c) "Electric vehicle infrastructure" means structures,  
16 machinery, and equipment necessary and integral to support ~~((a))~~ a  
17 battery or fuel cell electric vehicle, including battery charging  
18 stations, rapid charging stations, ~~((and))~~ battery exchange stations,  
19 fueling stations that provide hydrogen for fuel cell electric  
20 vehicles, and renewable hydrogen production facilities.

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

26 (e) "Renewable hydrogen" means hydrogen produced using renewable  
27 resources both as the source for hydrogen and the source for the  
28 energy input into the production process.

29 (f) "Renewable resource" means (i) water; (ii) wind; (iii) solar  
30 energy; (iv) geothermal energy; (v) renewable natural gas; (vi)  
31 renewable hydrogen; (vii) wave, ocean, or tidal power; (viii)  
32 biodiesel fuel that is not derived from crops raised on land cleared  
33 from old growth or first growth forests; or (ix) biomass energy.

34 (g) "Zero emissions bus" means a bus that emits no exhaust gas  
35 from the onboard source of power, other than water vapor.

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

1 calendar quarter but for the exemption provided in this section.  
2 Information provided by the department to the state treasurer must be  
3 based on the best available data, except that the department may  
4 provide estimates of taxes exempted under this section until such  
5 time as retailers are able to report such exempted amounts on their  
6 tax returns.

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

8 **Sec. 13.** RCW 82.16.0496 and 2017 c 116 s 2 are each amended to  
9 read as follows:

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

Gross Vehicle Weight	Incremental Cost Amount	Maximum Credit Amount Per Vehicle	Maximum Annual Credit Per Vehicle Class
Up to 14,000 pounds	<del>((50%))</del> 75% of incremental cost	\$25,000	\$2,000,000
14,001 to 26,500 pounds	<del>((50%))</del> 75% of incremental cost	\$50,000	\$2,000,000
Above 26,500 pounds	<del>((50%))</del> 75% of incremental cost	\$100,000	\$2,000,000

26 (ii) A person who is taxable under this chapter is allowed a  
27 credit against the tax imposed in this chapter for up to fifty  
28 percent of the cost to purchase alternative fuel vehicle  
29 infrastructure, tangible personal property that will become a  
30 component of alternative fuel vehicle infrastructure, and  
31 installation and construction of alternative fuel vehicle  
32 infrastructure, but excluding the cost of property acquisition and  
33 site improvement related to the installation of alternative fuel  
34 vehicle infrastructure. The credit is subject to a maximum annual  
35 credit amount of two million dollars.

36 (b) On September 1st of each year, any unused credits from any  
37 ~~((weight class))~~ category identified in ((the table in)) (a) of this

1 subsection must be made available to applicants applying for credits  
2 under any other (~~weight class listed~~) category identified in (a) of  
3 this subsection, subject to the maximum annual and total credit  
4 amounts identified in this subsection. The credit established in this  
5 section and RCW 82.04.4496 is subject to a maximum annual credit  
6 amount of six million dollars, and a maximum total credit amount of  
7 thirty-two and one-half million dollars beginning July 15, 2015.

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

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

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

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

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

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

37 (b) The department must disallow any credits, or portion thereof,  
38 that would cause the total amount of credits claimed beginning July  
39 15, 2015, under this section and RCW 82.04.4496 to exceed thirty-two  
40 and one-half million dollars. The department must provide



1 notification on its web site monthly on the total amount of credits  
2 that have been applied for, the amount issued, and the amount  
3 remaining before the statewide limit is reached. In addition, the  
4 department must provide written notice to any person who has applied  
5 to claim tax credits in excess of the limitation in this subsection.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 1 (i) A copy of the order for the vehicle or infrastructure-related  
2 item, including the total cost for the vehicle or infrastructure-  
3 related item;
- 4 (ii) The anticipated delivery date of the vehicle or  
5 infrastructure or infrastructure component, which must be within one  
6 year of acceptance of the credit; (~~and~~)
- 7 (iii) The anticipated construction or installation completion  
8 date of the infrastructure, which must be within two years of  
9 acceptance of the credit; and
- 10 (iv) Any other information deemed necessary by the department to  
11 support administration or reporting of the program.
- 12 (c) Provide final documentation within (~~fifteen~~) thirty days of  
13 receipt of the vehicle or infrastructure or infrastructure components  
14 or of completion of construction or installation of the  
15 infrastructure, including:
- 16 (i) A copy of the final invoice for the vehicle or  
17 infrastructure-related items;
- 18 (ii) A copy of the factory build sheet or equivalent  
19 documentation;
- 20 (iii) The vehicle identification number of each vehicle;
- 21 (iv) The incremental cost of the alternative fuel system for  
22 vehicle credits;
- 23 (v) Attestations signed by both the seller and purchaser of the  
24 vehicle attesting that the incremental cost of the alternative fuel  
25 system includes only the costs necessary for the vehicle to run on  
26 alternative fuel and no other vehicle options, equipment, or costs;  
27 and
- 28 (vi) Any other information deemed necessary by the department to  
29 support administration or reporting of the program.
- 30 (9) A person applying for credit under subsection (8) of this  
31 section may apply for multiple vehicles on the same application, but  
32 the application must include the required information for each  
33 vehicle included in the application. A separate application is  
34 required for infrastructure-related items, but all infrastructure-  
35 related items at a single location may be included in a single  
36 application provided the required information for each  
37 infrastructure-related item is included in the application.
- 38 (10) To administer the credits, the department must, at a  
39 minimum:

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

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

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

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

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

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

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

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

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

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

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

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

37 (15)(a) Beginning November 25, 2015, and on the 25th of February,  
38 May, August, and November of each year thereafter, the department  
39 must notify the state treasurer of the amount of credits taken under  
40 this section as reported on returns filed with the department during

1 the preceding calendar quarter ending on the last day of December,  
2 March, June, and September, respectively.

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

8 (16) Credits may be earned under this section from January 1,  
9 2016, (~~(through January 1, 2021)~~) until the maximum total credit  
10 amount in subsection (1)(b) of this section is reached, except for  
11 credits for leased vehicles, which may be earned from July 1, 2016,  
12 (~~(through January 1, 2021)~~) until the maximum total credit amount in  
13 subsection (1)(b) of this section is reached.

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

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

17 **Sec. 14.** RCW 82.29A.125 and 2009 c 459 s 3 are each amended to  
18 read as follows:

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

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

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

29 (b) "Battery exchange station" means a fully automated facility  
30 that will enable an electric vehicle with a swappable battery to  
31 enter a drive lane and exchange the depleted battery with a fully  
32 charged battery through a fully automated process, which meets or  
33 exceeds any standards, codes, and regulations set forth by chapter  
34 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

35 (c) "Electric vehicle infrastructure" means structures,  
36 machinery, and equipment necessary and integral to support an  
37 electric vehicle, including battery charging stations, rapid charging  
38 stations, (~~and~~) battery exchange stations, fueling stations that

1 provide hydrogen for fuel cell electric vehicles, and renewable  
2 hydrogen production facilities.

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

8 (e) "Renewable hydrogen" means hydrogen produced using renewable  
9 resources both as the source for hydrogen and the source for energy  
10 input into the production process.

11 (f) "Renewable resource" means (i) water; (ii) wind; (iii) solar  
12 energy; (iv) geothermal energy; (v) renewable natural gas; (vi)  
13 renewable hydrogen; (vii) wave, ocean, or tidal power; (viii)  
14 biodiesel fuel that is not derived from crops raised on land cleared  
15 from old growth or first growth forests; or (ix) biomass energy.

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

17 **Sec. 15.** RCW 82.44.200 and 2015 3rd sp.s. c 44 s 404 are each  
18 amended to read as follows:

19 The electric vehicle ((charging infrastructure)) account is  
20 created in the transportation infrastructure account. Proceeds from  
21 the principal and interest payments made on loans from the account  
22 must be deposited into the account. Expenditures from the account may  
23 be used only for the purposes specified in RCW 47.04.350, sections 9  
24 and 10 of this act, and the support of other transportation  
25 electrification and alternative fuel related purposes. Moneys in the  
26 account may be spent only after appropriation.

27 NEW SECTION. **Sec. 16.** A new section is added to chapter 47.04  
28 RCW to read as follows:

29 (1) Subject to the availability of amounts appropriated for this  
30 specific purpose, the department's public-private partnership office  
31 must develop a pilot program to support clean alternative fuel car  
32 sharing programs to provide clean alternative fuel vehicle use  
33 opportunities to underserved communities and low to moderate income  
34 members of the workforce not readily served by transit or located in  
35 transportation corridors with emissions that exceed federal or state  
36 emissions standards. Nonprofit organizations or local governments,  
37 including housing authorities, with a demonstrated history of  
38 managing or implementing low-income transportation clean alternative

1 fuel and shared mobility pilot programs are eligible to participate  
2 in this program.

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

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

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

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

29 (6) (a) Any property acquired with state grant funding under this  
30 section by nongovernmental participants must be used solely for  
31 program purposes and, if sold, the proceeds of the sale must be used  
32 solely for program purposes.

33 (b) At the termination of a program for providing alternative  
34 fuel car sharing services, the state must be reimbursed for any  
35 property acquired with state grant funding under this section that  
36 nongovernmental participants in the program retain at the time of  
37 program termination. The amount of reimbursement may under no  
38 circumstances be less than the fair market value of the property at  
39 the time of the termination of the program.

1        NEW SECTION.     **Sec. 17.**     (1) Subject to the availability of  
2 amounts appropriated for this specific purpose, the department of  
3 commerce must conduct a study to identify opportunities to reduce  
4 barriers to battery and fuel cell electric vehicle adoption by lower  
5 income residents of the state through the use of vehicle and  
6 infrastructure financing assistance. The study must include an  
7 assessment of opportunities to work with nonprofit lenders to  
8 facilitate vehicle purchases through the use of loan-loss reserves  
9 and rate buy downs by qualified borrowers purchasing battery and fuel  
10 cell electric vehicles that are eligible for the tax exemptions under  
11 sections 9 and 10 of this act, and may address additional financing  
12 assistance opportunities identified. The study must focus on  
13 potential borrowers who are at or below eighty percent of the state  
14 median household income. The study may also address any additional  
15 opportunities identified to increase electric vehicle adoption by  
16 lower income residents of the state.

17        (2) The department of commerce must provide a report detailing  
18 the findings of this study to the transportation committees of the  
19 legislature by June 30, 2020, and may contract with a consultant on  
20 all or a portion of the study.

21        NEW SECTION.     **Sec. 18.**     A new section is added to chapter 47.66  
22 RCW to read as follows:

23        (1)(a) Subject to the availability of amounts appropriated for  
24 this specific purpose, the department's public transportation  
25 division shall establish a green transportation capital grant  
26 program. The purpose of the grant program is to aid any transit  
27 authority in funding cost-effective capital projects to reduce the  
28 carbon intensity of the Washington transportation system, examples of  
29 which include: Electrification of vehicle fleets, including battery  
30 and fuel cell electric vehicles; modification or replacement of  
31 capital facilities in order to facilitate fleet electrification  
32 and/or hydrogen refueling; necessary upgrades to electrical  
33 transmission and distribution systems; and construction of charging  
34 and fueling stations. The department's public transportation division  
35 shall identify projects and shall submit a prioritized list of all  
36 projects requesting funding to the legislature by December 1st of  
37 each even-numbered year.

1 (b) The department's public transportation division shall select  
2 projects based on a competitive process that considers the following  
3 criteria:

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

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

8 (2) The department's public transportation division must  
9 establish an advisory committee to assist in identifying projects  
10 under subsection (1) of this section. The advisory committee must  
11 include representatives from the department of ecology, the  
12 department of commerce, the utilities and transportation commission,  
13 and at least one transit authority.

14 (3) In order to receive green transportation capital grant  
15 program funding for a project, a transit authority must provide  
16 matching funding for that project that is at least equal to twenty  
17 percent of the total cost of the project.

18 (4) The department's public transportation division must report  
19 annually to the transportation committees of the legislature on the  
20 status of any grant projects funded by the program created under this  
21 section.

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

30 **Sec. 19.** RCW 43.84.092 and 2018 c 287 s 7, 2018 c 275 s 10, and  
31 2018 c 203 s 14 are each reenacted and amended to read as follows:

32 (1) All earnings of investments of surplus balances in the state  
33 treasury shall be deposited to the treasury income account, which  
34 account is hereby established in the state treasury.

35 (2) The treasury income account shall be utilized to pay or  
36 receive funds associated with federal programs as required by the  
37 federal cash management improvement act of 1990. The treasury income  
38 account is subject in all respects to chapter 43.88 RCW, but no  
39 appropriation is required for refunds or allocations of interest



1 earnings required by the cash management improvement act. Refunds of  
2 interest to the federal treasury required under the cash management  
3 improvement act fall under RCW 43.88.180 and shall not require  
4 appropriation. The office of financial management shall determine the  
5 amounts due to or from the federal government pursuant to the cash  
6 management improvement act. The office of financial management may  
7 direct transfers of funds between accounts as deemed necessary to  
8 implement the provisions of the cash management improvement act, and  
9 this subsection. Refunds or allocations shall occur prior to the  
10 distributions of earnings set forth in subsection (4) of this  
11 section.

12 (3) Except for the provisions of RCW 43.84.160, the treasury  
13 income account may be utilized for the payment of purchased banking  
14 services on behalf of treasury funds including, but not limited to,  
15 depository, safekeeping, and disbursement functions for the state  
16 treasury and affected state agencies. The treasury income account is  
17 subject in all respects to chapter 43.88 RCW, but no appropriation is  
18 required for payments to financial institutions. Payments shall occur  
19 prior to distribution of earnings set forth in subsection (4) of this  
20 section.

21 (4) Monthly, the state treasurer shall distribute the earnings  
22 credited to the treasury income account. The state treasurer shall  
23 credit the general fund with all the earnings credited to the  
24 treasury income account except:

25 (a) The following accounts and funds shall receive their  
26 proportionate share of earnings based upon each account's and fund's  
27 average daily balance for the period: The abandoned recreational  
28 vehicle disposal account, the aeronautics account, the aircraft  
29 search and rescue account, the Alaskan Way viaduct replacement  
30 project account, the brownfield redevelopment trust fund account, the  
31 budget stabilization account, the capital vessel replacement account,  
32 the capitol building construction account, the Cedar River channel  
33 construction and operation account, the Central Washington University  
34 capital projects account, the charitable, educational, penal and  
35 reformatory institutions account, the Chehalis basin account, the  
36 cleanup settlement account, the Columbia river basin water supply  
37 development account, the Columbia river basin taxable bond water  
38 supply development account, the Columbia river basin water supply  
39 revenue recovery account, the common school construction fund, the  
40 community forest trust account, the connecting Washington account,

1 the county arterial preservation account, the county criminal justice  
2 assistance account, the deferred compensation administrative account,  
3 the deferred compensation principal account, the department of  
4 licensing services account, the department of licensing tuition  
5 recovery trust fund, the department of retirement systems expense  
6 account, the developmental disabilities community trust account, the  
7 diesel idle reduction account, the drinking water assistance account,  
8 the drinking water assistance administrative account, the early  
9 learning facilities development account, the early learning  
10 facilities revolving account, the Eastern Washington University  
11 capital projects account, the Interstate 405 express toll lanes  
12 operations account, the education construction fund, the education  
13 legacy trust account, the election account, the electric vehicle  
14 (~~charging infrastructure~~) account, the energy freedom account, the  
15 energy recovery act account, the essential rail assistance account,  
16 The Evergreen State College capital projects account, the federal  
17 forest revolving account, the ferry bond retirement fund, the freight  
18 mobility investment account, the freight mobility multimodal account,  
19 the grade crossing protective fund, the public health services  
20 account, the high capacity transportation account, the state higher  
21 education construction account, the higher education construction  
22 account, the highway bond retirement fund, the highway infrastructure  
23 account, the highway safety fund, the high occupancy toll lanes  
24 operations account, the hospital safety net assessment fund, the  
25 industrial insurance premium refund account, the judges' retirement  
26 account, the judicial retirement administrative account, the judicial  
27 retirement principal account, the local leasehold excise tax account,  
28 the local real estate excise tax account, the local sales and use tax  
29 account, the marine resources stewardship trust account, the medical  
30 aid account, the mobile home park relocation fund, the money-purchase  
31 retirement savings administrative account, the money-purchase  
32 retirement savings principal account, the motor vehicle fund, the  
33 motorcycle safety education account, the multimodal transportation  
34 account, the multiuse roadway safety account, the municipal criminal  
35 justice assistance account, the natural resources deposit account,  
36 the oyster reserve land account, the pension funding stabilization  
37 account, the perpetual surveillance and maintenance account, the  
38 pollution liability insurance agency underground storage tank  
39 revolving account, the public employees' retirement system plan 1  
40 account, the public employees' retirement system combined plan 2 and

1 plan 3 account, the public facilities construction loan revolving  
2 account beginning July 1, 2004, the public health supplemental  
3 account, the public works assistance account, the Puget Sound capital  
4 construction account, the Puget Sound ferry operations account, the  
5 Puget Sound taxpayer accountability account, the real estate  
6 appraiser commission account, the recreational vehicle account, the  
7 regional mobility grant program account, the resource management cost  
8 account, the rural arterial trust account, the rural mobility grant  
9 program account, the rural Washington loan fund, the sexual assault  
10 prevention and response account, the site closure account, the  
11 skilled nursing facility safety net trust fund, the small city  
12 pavement and sidewalk account, the special category C account, the  
13 special wildlife account, the state employees' insurance account, the  
14 state employees' insurance reserve account, the state investment  
15 board expense account, the state investment board commingled trust  
16 fund accounts, the state patrol highway account, the state route  
17 number 520 civil penalties account, the state route number 520  
18 corridor account, the state wildlife account, the statewide tourism  
19 marketing account, the student achievement council tuition recovery  
20 trust fund, the supplemental pension account, the Tacoma Narrows toll  
21 bridge account, the teachers' retirement system plan 1 account, the  
22 teachers' retirement system combined plan 2 and plan 3 account, the  
23 tobacco prevention and control account, the tobacco settlement  
24 account, the toll facility bond retirement account, the  
25 transportation 2003 account (nickel account), the transportation  
26 equipment fund, the transportation future funding program account,  
27 the transportation improvement account, the transportation  
28 improvement board bond retirement account, the transportation  
29 infrastructure account, the transportation partnership account, the  
30 traumatic brain injury account, the tuition recovery trust fund, the  
31 University of Washington bond retirement fund, the University of  
32 Washington building account, the volunteer firefighters' and reserve  
33 officers' relief and pension principal fund, the volunteer  
34 firefighters' and reserve officers' administrative fund, the  
35 Washington judicial retirement system account, the Washington law  
36 enforcement officers' and firefighters' system plan 1 retirement  
37 account, the Washington law enforcement officers' and firefighters'  
38 system plan 2 retirement account, the Washington public safety  
39 employees' plan 2 retirement account, the Washington school  
40 employees' retirement system combined plan 2 and 3 account, the

1 Washington state health insurance pool account, the Washington state  
2 patrol retirement account, the Washington State University building  
3 account, the Washington State University bond retirement fund, the  
4 water pollution control revolving administration account, the water  
5 pollution control revolving fund, the Western Washington University  
6 capital projects account, the Yakima integrated plan implementation  
7 account, the Yakima integrated plan implementation revenue recovery  
8 account, and the Yakima integrated plan implementation taxable bond  
9 account. Earnings derived from investing balances of the agricultural  
10 permanent fund, the normal school permanent fund, the permanent  
11 common school fund, the scientific permanent fund, the state  
12 university permanent fund, and the state reclamation revolving  
13 account shall be allocated to their respective beneficiary accounts.

14 (b) Any state agency that has independent authority over accounts  
15 or funds not statutorily required to be held in the state treasury  
16 that deposits funds into a fund or account in the state treasury  
17 pursuant to an agreement with the office of the state treasurer shall  
18 receive its proportionate share of earnings based upon each account's  
19 or fund's average daily balance for the period.

20 (5) In conformance with Article II, section 37 of the state  
21 Constitution, no treasury accounts or funds shall be allocated  
22 earnings without the specific affirmative directive of this section.

23 NEW SECTION. **Sec. 20.** This section is the tax preference  
24 performance statement for the tax preferences contained in sections  
25 21 and 22, chapter . . ., Laws of 2019 (sections 21 and 22 of this  
26 act). The performance statement is only intended to be used for  
27 subsequent evaluation of the tax preference. It is not intended to  
28 create a private right of action by any party or be used to determine  
29 eligibility for preferential tax treatment.

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

33 (2) It is the legislature's specific public policy objective to  
34 increase the use of electric vessels in Washington. It is the  
35 legislature's intent to establish a sales and use tax exemption on  
36 certain electric vessels in order to reduce the price charged to  
37 customers for electric vessels.

38 (3) To measure the effectiveness of the tax preferences in  
39 sections 21 and 22, chapter . . ., Laws of 2019 (sections 21 and 22

1 of this act) in achieving the public policy objectives described in  
2 subsection (2) of this section, the joint legislative audit and  
3 review committee must evaluate the number of electric vessels titled  
4 in the state.

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

11 NEW SECTION. **Sec. 21.** A new section is added to chapter 82.08  
12 RCW to read as follows:

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

14 (a) The sale of new battery-powered electric marine propulsion  
15 systems with continuous power greater than fifteen kilowatts.

16 (b) The sale of new vessels equipped with propulsion systems that  
17 qualify under (a) of this subsection.

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

22 (3) On the last day of January, April, July, and October of each  
23 year, the state treasurer, based upon information provided by the  
24 department, must transfer from the multimodal transportation account  
25 to the general fund a sum equal to the dollar amount that would  
26 otherwise have been deposited into the general fund during the prior  
27 calendar quarter but for the exemption provided in this section.  
28 Information provided by the department to the state treasurer must be  
29 based on the best available data, except that the department may  
30 provide estimates of taxes exempted under this section until such  
31 time as retailers are able to report such exempted amounts on their  
32 tax returns.

33 (4) For the purposes of this section:

34 (a) "Battery-powered electric marine propulsion system" means a  
35 fully electric outboard or inboard motor used by vessels, the sole  
36 source of propulsive power of which is the energy stored in the  
37 battery packs. The term includes required accessories, such as  
38 throttles, displays, and battery packs; and

1 (b) "Vessel" includes every watercraft, other than a seaplane,  
2 used or capable of being used as a means of transportation on the  
3 water.

4 (5) This section expires August 1, 2029.

5 NEW SECTION. **Sec. 22.** A new section is added to chapter 82.12  
6 RCW to read as follows:

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

9 (a) New battery-powered electric marine propulsion systems with  
10 continuous power greater than fifteen kilowatts; and

11 (b) New vessels equipped with propulsion systems that qualify  
12 under (a) of this subsection.

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

17 (3) On the last day of January, April, July, and October of each  
18 year, the state treasurer, based upon information provided by the  
19 department, must transfer from the multimodal transportation account  
20 to the general fund a sum equal to the dollar amount that would  
21 otherwise have been deposited into the general fund during the prior  
22 calendar quarter but for the exemption provided in this section.  
23 Information provided by the department to the state treasurer must be  
24 based on the best available data, except that the department may  
25 provide estimates of taxes exempted under this section until such  
26 time as retailers are able to report such exempted amounts on their  
27 tax returns.

28 (4) For the purposes of this section, "battery-powered electric  
29 marine propulsion system" and "vessel" have the same meanings as  
30 provided in section 22 of this act.

31 (5) This section expires August 1, 2029.

32 NEW SECTION. **Sec. 23.** A new section is added to chapter 46.17  
33 RCW to read as follows:

34 To realize the environmental benefits of electrification of the  
35 transportation system it is necessary to support the adoption of  
36 electric vehicles and other electric technology in the state by  
37 incentivizing the purchase of these vehicles, building out the  
38 charging infrastructure, developing greener transit options, and

1 supporting clean alternative fuel infrastructure. Therefore, it is  
2 the intent of the legislature to support these activities through the  
3 imposition of new transportation electrification fees in this  
4 section.

5 (1) A vehicle that both (a) uses at least one method of  
6 propulsion that is capable of being reenergized by an external source  
7 of electricity and (b) is capable of traveling at least thirty miles  
8 using only battery power, is subject to an annual one hundred fifty  
9 dollar transportation electrification fee to be collected by the  
10 department, county auditor, or other agent or subagent appointed by  
11 the director. For administrative efficiencies, the transportation  
12 electrification fee must be collected at the same time as vehicle  
13 registration renewals and may only be collected for vehicles that are  
14 renewing an annual vehicle registration.

15 (2) In lieu of the fee in subsection (1) of this section for a  
16 hybrid electric or alternative fuel vehicle that is not required to  
17 pay the fees established in RCW 46.17.323 (1) and (4), the  
18 department, county auditor, or other agent or subagent appointed by  
19 the director must require that the applicant for the annual vehicle  
20 registration renewal of such hybrid electric or alternative fuel  
21 vehicle pay a fifty dollar hybrid vehicle transportation  
22 electrification fee.

23 (3) The fees required under this section must be deposited in the  
24 electric vehicle account created in RCW 82.44.200, until July 1,  
25 2029, when the fee must be deposited in the motor vehicle account.

26 NEW SECTION. **Sec. 24.** Sections 1 through 7, 9 through 12, and  
27 14 through 23 of this act take effect August 1, 2019.

28 NEW SECTION. **Sec. 25.** Sections 8 and 13 of this act take effect  
29 January 1, 2020."

**E2SHB 2042** - S COMM AMD  
By Committee on Transportation

**NOT ADOPTED 04/28/2019**

30 On page 1, line 1 of the title, after "adoption;" strike the  
31 remainder of the title and insert "amending RCW 28B.30.903,  
32 47.04.350, 80.28.---, 80.28.360, 82.04.4496, 82.08.816, 82.12.816,

1 82.16.0496, 82.29A.125, and 82.44.200; amending 2019 c ... (SHB 1512)  
2 s 1 (uncodified); reenacting and amending RCW 43.84.092; adding new  
3 sections to chapter 82.08 RCW; adding new sections to chapter 82.12  
4 RCW; adding a new section to chapter 47.04 RCW; adding a new section  
5 to chapter 47.66 RCW; adding a new section to chapter 46.17 RCW;  
6 creating new sections; providing effective dates; providing  
7 contingent effective dates; and providing expiration dates."

EFFECT: (1) Imposes a new \$150 transportation electrification fee for certain electric and alternative fuel vehicles and imposes a new \$50 annual fee on hybrid electric and alternative fuel vehicles that do not pay the existing alternative registration renewal fee or the new transportation electrification fee.

(2) All revenue raised by these two new fees will be deposited into the Electric Vehicle Account until July 1, 2029. After this time, the revenue from the two new fees will be deposited into the Motor Vehicle Fund. Broadens the EV Account to support of other transportation electrification and alternative fuel related purposes.

(3) Clarifies that both the sales and use tax exemptions for passenger vehicles are supported by the new transportation electrification fees and are therefore contingent on enactment of the fees.

--- END ---