

SHB 2486 - S COMM AMD
By Committee on Ways & Means

ADOPTED 03/12/2020

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

3 **"Sec. 1.** RCW 82.08.996 and 2019 c 287 s 21 are each amended to
4 read as follows:

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

6 (a) The sale of new battery-powered electric marine propulsion
7 systems with continuous power greater than fifteen kilowatts(~~(-)~~);

8 (b) The sale of new vessels equipped with propulsion systems that
9 qualify under (a) of this subsection(~~(-)~~);

10 (c) (i) The sale of batteries and battery packs used to
11 exclusively power electric marine propulsion systems or hybrid
12 electric marine propulsion systems, if such systems operate with a
13 continuous power greater than fifteen kilowatts;

14 (ii) The sale of or charge made for labor and services rendered
15 in respect to installing, repairing, altering, or improving batteries
16 or battery packs that qualify under (c) (i) of this subsection;

17 (d) (i) The sale of new shoreside batteries purchased and
18 installed for the purpose of reducing grid demand when charging
19 electric and hybrid vessels;

20 (ii) The sale of or charge made for labor and services rendered
21 in respect to installing, repairing, altering, or improving shoreside
22 batteries;

23 (iii) The sale of or charge made for labor and services rendered
24 in respect to installing, constructing, repairing, or improving
25 shoreside batteries infrastructure; and

26 (iv) The sale of tangible personal property that will become a
27 component of shoreside batteries infrastructure.

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

1 ~~(3) ((On the last day of January, April, July, and October of~~
2 ~~each year, the state treasurer, based upon information provided by~~
3 ~~the department, must transfer from the multimodal transportation~~
4 ~~account to the general fund a sum equal to the dollar amount that~~
5 ~~would otherwise have been deposited into the general fund during the~~
6 ~~prior calendar quarter but for the exemption provided in this~~
7 ~~section. Information provided by the department to the state~~
8 ~~treasurer must be based on the best available data, except that the~~
9 ~~department may provide estimates of taxes exempted under this section~~
10 ~~until such time as retailers are able to report such exempted amounts~~
11 ~~on their tax returns.~~

12 ~~(4))~~ For the purposes of this section:

13 (a) "Battery" means a secondary battery or storage cell that can
14 be charged, discharged into a load, and recharged many times; and
15 includes one of several different combinations of electrode materials
16 and electrolytes;

17 (b) "Battery pack" means a group of any number of secondary or
18 rechargeable batteries within a casing and used as a power source for
19 battery-powered electric marine propulsion systems or hybrid electric
20 marine propulsion systems;

21 (c) "Battery-powered electric marine propulsion system" means a
22 fully electric outboard or inboard motor used by vessels, the sole
23 source of propulsive power of which is the energy stored in the
24 battery packs. The term includes required accessories, such as
25 throttles, displays, and battery packs; ~~(and~~

26 ~~(b))~~ (d) "Hybrid electric marine propulsion system" means a
27 propulsion system that includes two or more sources of propulsion in
28 one design, one of which must be electric;

29 (e) "Shoreside batteries" means batteries installed at a dock or
30 similar location to provide an electric charge to a vessel powered by
31 an electric marine propulsion system;

32 (f) "Shoreside batteries infrastructure" means the shoreside
33 battery bank, charging apparatus, and emergency services generator;
34 and

35 (g) "Vessel" includes every watercraft, other than a seaplane,
36 used or capable of being used as a means of transportation on the
37 water.

38 ~~((5))~~ (4) This section expires July 1, ~~((2025))~~ 2030.

1 **Sec. 2.** RCW 82.12.996 and 2019 c 287 s 22 are each amended to
2 read as follows:

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

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

7 (b) New vessels equipped with propulsion systems that qualify
8 under (a) of this subsection;

9 (c)(i) Batteries and battery packs used to exclusively power
10 electric marine propulsion systems or hybrid electric marine
11 propulsion systems, if such systems operate with a continuous power
12 greater than fifteen kilowatts;

13 (ii) Labor and services rendered in respect to installing,
14 repairing, altering, or improving batteries or battery packs that
15 qualify under (c)(i) of this subsection; and

16 (d)(i) New shoreside batteries purchased and installed for the
17 purpose of reducing grid demand when charging electric and hybrid
18 vessels;

19 (ii) Labor and services rendered in respect to installing,
20 altering, or improving shoreside batteries; and

21 (iii) Tangible personal property that will become a component of
22 shoreside batteries infrastructure.

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

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

38 ~~(4) For the purposes of this section, "battery-powered electric~~
39 ~~marine propulsion system" and "vessel" have the same meanings as~~

1 ~~provided in section 22 of this act))~~ The definitions in RCW 82.08.996
2 apply to this section.

3 ~~((5))~~ (4) This section expires July 1, ~~((2025))~~ 2030.

4 **Sec. 3.** 2019 c 287 s 20 (uncodified) is amended to read as
5 follows:

6 This section is the tax preference performance statement for the
7 tax preferences contained in sections 1 and 2, chapter . . ., Laws of
8 2020 (sections 1 and 2 of this act) and sections 21 and 22, chapter
9 287, Laws of 2019. The performance statement is only intended to be
10 used for subsequent evaluation of the tax preference. It is not
11 intended to create a private right of action by any party or be used
12 to determine eligibility for preferential tax treatment.

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

16 (2) It is the legislature's specific public policy objective to
17 increase the use of electric vessels in Washington. It is the
18 legislature's intent to establish a sales and use tax exemption on
19 certain electric vessels in order to reduce the price charged to
20 customers for electric vessels and to create and retain jobs
21 associated with electric marine battery manufacturing and the
22 construction of new electric ferries in Washington.

23 (3) To measure the effectiveness of the tax preferences in
24 sections 1 and 2, chapter . . ., Laws of 2020 (sections 1 and 2 of
25 this act) and sections 21 and 22, chapter 287, Laws of 2019 in
26 achieving the public policy objectives described in subsection (2) of
27 this section, the joint legislative audit and review committee must
28 evaluate the number of electric vessels titled in the state.

29 (4) If a review finds that jobs in Washington associated with
30 electric marine battery manufacturing and the construction of new
31 electric ferries using electric battery power are created and
32 retained, then the legislature intends to extend the expiration date
33 of these tax preferences.

34 (5) In order to obtain the data necessary to perform the reviews
35 in subsections (3) and (4) of this section, the department of
36 licensing and the department of revenue must provide data needed for
37 the joint legislative audit and review committee analysis. In
38 addition to the data source described under this subsection, the

1 joint legislative audit and review committee may use any other data
2 it deems necessary.

3 NEW SECTION. **Sec. 4.** This act takes effect July 1, 2020."

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4 On page 1, line 2 of the title, after "incentive;" strike the
5 remainder of the title and insert "amending RCW 82.08.996 and
6 82.12.996; amending 2019 c 287 s 20 (uncodified); providing an
7 effective date; and providing expiration dates."

EFFECT: (1) Clarifies the retail sales and use tax exemptions for batteries and battery packs for electric and hybrid electric vessels, including installation, repair, or alteration of such batteries.

(2) Clarifies the retail sales and use tax exemptions for shoreside batteries and infrastructure to charge electric and hybrid electric vessels, including installation, repair, or alteration of such batteries.

(3) Restores the definition of "battery-powered electric marine propulsion system" in RCW 82.08.996.

(4) Adds a definition for "Hybrid electric marine propulsion system."

(5) Changes the exemption expiration date to July 1, 2030.

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