
HOUSE BILL 1647

State of Washington 59th Legislature 2005 Regular Session

By Representatives B. Sullivan, Morris, Chase, Williams, Sells,
Linville and Simpson

Read first time 02/01/2005. Referred to Committee on Technology,
Energy & Communications.

1 AN ACT Relating to providing incentives for hydrogen and the
2 alternative fuels marketplace; adding new sections to chapter 82.04
3 RCW; adding a new section to chapter 82.08 RCW; adding a new section to
4 chapter 82.12 RCW; providing an effective date; providing a contingent
5 expiration date; and declaring an emergency.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
8 to read as follows:

9 (1)(a) Persons who are taxable under this chapter may take a credit
10 for the purchase, or the lease for a period of at least three years, of
11 new alternative fuel vehicles, if the vehicles are exclusively used in
12 business operations.

13 (b) The credit in this subsection is based upon the following
14 schedule:

15	VEHICLE TONNAGE	CREDIT
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1 Less than 10,000 pounds gross 30 percent of the cost or
 2 vehicle weight \$5,000, whichever is less
 3 10,000 pounds or more gross 30 percent of the cost or
 4 vehicle weight \$25,000, whichever is less

5 (2)(a) Persons who are taxable under this chapter may take a credit
 6 for conversion costs incurred in modifying motor vehicles to use
 7 alternative fuels, if the vehicles are exclusively used in business
 8 operations and the conversion is performed on a vehicle or engine for
 9 which a United States environmental protection agency certificate of
 10 conformity or a certification from the California air resources board
 11 has been issued for the model year and exhaust and evaporative
 12 emissions test groups of the vehicle or engine.

13 (b) The credit in this subsection is based upon the following
 14 schedule:

15 VEHICLE TONNAGE	CREDIT
16 Less than 10,000 pounds gross	80 percent of the conversion
17 vehicle weight	cost or \$5,000, whichever is
	18 less
19 10,000 pounds or more gross	80 percent of the conversion
20 vehicle weight	cost or \$25,000, whichever is
	21 less

22 (3)(a) If machinery and equipment is used directly for dispensing
 23 alternative fuels into a motor vehicle, persons who are taxable under
 24 this chapter may take a credit for the costs of: (i) The machinery and
 25 equipment; (ii) services rendered in respect to constructing,
 26 installing, repairing, cleaning, decorating, altering, or improving the
 27 machinery and equipment; or (iii) tangible personal property that
 28 becomes an ingredient or component of the machinery and equipment.

29 (b) The credit is based upon the following schedule:

30 (i) Fifty percent of the costs incurred at facilities open to the
 31 public not to exceed five hundred thousand dollars; and

32 (ii) Twenty-five percent of the costs incurred at facilities not
 33 open to the public not to exceed two hundred fifty thousand dollars.

34 (c) If the machinery and equipment are used for the retail sale of
 35 an alternative fuel and for other purposes, the portion of the cost

1 that is eligible for credit under this subsection is the cost of the
2 portion of the machinery and equipment used directly for the retail
3 sale of an alternative fuel.

4 (4) Persons who are taxable under this chapter may take a credit
5 equal to ten cents per gallon for alternative fuel for use in motor
6 vehicles, if the motor vehicles are exclusively used in business
7 operations. In the case of gaseous fuels, such as compressed natural
8 gas, the credit shall be calculated on a gasoline gallon equivalent
9 basis. Where a blend of biodiesel fuel and petroleum diesel fuel is
10 used, only the biodiesel fuel portion of the blend shall be eligible
11 for the credit provided under this section.

12 (5) Credits may not exceed the amount of tax that would otherwise
13 be due under this chapter. Credits may be accrued and carried over
14 until they are used. Refunds shall not be granted in place of credits.
15 The maximum amount for a credit under this section that may be claimed,
16 by each person, for any calendar year shall not exceed:

17 (a) Five hundred thousand dollars for the credit under subsection
18 (1) of this section;

19 (b) Two hundred fifty thousand dollars for the credit under
20 subsection (2) of this section;

21 (c) Two million dollars for the credit under subsection (3) of this
22 section; and

23 (d) Two hundred thousand dollars for the credit under subsection
24 (4) of this section.

25 (6) Credits may not be claimed for expenditures that occurred
26 before the effective date of this section or expenditures that occur
27 after the expiration date determined in section 5 of this act.

28 (7) For the purposes of this section, the following definitions
29 apply:

30 (a) "Alcohol fuel" means any alcohol made from a product other than
31 petroleum or natural gas, which is used alone or in combination with
32 gasoline or other petroleum products for use as a fuel for motor
33 vehicles, farm implements and machines, or implements of husbandry.

34 (b) "Alcohol fuel blend" means fuel that contains at least eighty-
35 five percent alcohol fuel by volume.

36 (c) "Alternative fuel" means natural gas, hydrogen, or a blend of
37 natural gas and hydrogen. For the purpose of subsection (2) of this
38 section, "alternative fuel" also means liquified petroleum gas or

1 electricity. For the purpose of subsection (3) of this section,
2 "alternative fuel" also means electricity. For the purpose of
3 subsection (4) of this section, "alternative fuel" also means biodiesel
4 fuel or alcohol fuel blends.

5 (d) "Biodiesel fuel" means a mono alkyl ester of long chain fatty
6 acids derived from vegetable oils or animal fats for use in
7 compression-ignition engines and that meets the requirements of the
8 American society of testing and materials specification D 6751 in
9 effect as of January 1, 2003.

10 (e) "Conversion cost" means costs expended for equipment, parts,
11 and labor involved in modifying a motor vehicle to operate on
12 alternative fuels.

13 (f) "Machinery and equipment" means industrial fixtures, devices,
14 and support facilities, including alternative fuel storage tanks, and
15 tangible personal property that becomes an ingredient or component
16 thereof, including repair parts and replacement parts that are integral
17 and necessary for the dispensing of alternative fuels into a motor
18 vehicle.

19 (g) "New alternative fuel vehicle" means a motor vehicle, as
20 defined in RCW 46.96.020, originally designed and equipped by the
21 manufacturer to operate: (i) Exclusively on natural gas, hydrogen, a
22 blend of hydrogen and natural gas, or electricity; or (ii) as a fuel
23 cell vehicle. For purposes of this subsection (7)(g), "fuel cell
24 vehicle" is defined as a vehicle that operates on an electric motor
25 drawing current from combining hydrogen and oxygen in an
26 electrochemical process.

27 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08 RCW
28 to read as follows:

29 (1) The tax levied by RCW 82.08.020 does not apply to sales of
30 natural gas vehicle fueling or refueling appliances and associated
31 accessories, or to services rendered in respect to installing such
32 appliances and accessories.

33 (2) A person taking the exemption under this section must keep
34 records necessary for the department to verify eligibility under this
35 section. The exemption is available only when the buyer provides the
36 seller with an exemption certificate in the form and manner prescribed

1 by the department. The seller shall retain a copy of the certificate
2 for the seller's files.

3 (3) For the purposes of this section, "vehicle fueling appliance"
4 or "vehicle refueling appliance" means a self-contained natural gas
5 compressor package not containing storage, designed for the unattended
6 dispensing of natural gas, at a flow rate not in excess of ten standard
7 cubic feet per minute, into the fuel tank of a motor vehicle or into a
8 storage system for ultimate use in a motor vehicle and that is
9 certified and listed by an approved nationally recognized testing
10 laboratory.

11 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12 RCW
12 to read as follows:

13 (1) The provisions of this chapter do not apply in respect to the
14 use of natural gas vehicle fueling or refueling appliances and
15 associated accessories, or to services rendered in respect to
16 installing such appliances and accessories.

17 (2) For the purposes of this section, the definitions in section 2
18 of this act apply.

19 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.04 RCW
20 to read as follows:

21 In computing tax there may be deducted from the measure of tax
22 amounts received from the retail sale of natural gas, hydrogen, or a
23 blend of hydrogen and natural gas, for use in a motor vehicle.

24 NEW SECTION. **Sec. 5.** (1) This act expires the earlier of:

25 (a) January 1, 2015; or

26 (b) January 1st of the year following the first calendar year in
27 which, on the first day in November, the total number of alternative
28 fuel retail motor vehicle refueling facilities constructed after the
29 effective date of this act and that are open to the public is equal to
30 ten. The department of ecology shall provide the department of revenue
31 information necessary to make this determination.

32 (2) "Alternative fuel" has the same meaning as provided in section
33 1 of this act.

1 NEW SECTION. **Sec. 6.** This act is necessary for the immediate
2 preservation of the public peace, health, or safety, or support of the
3 state government and its existing public institutions, and takes effect
4 July 1, 2005.

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