
HOUSE BILL 1162

State of Washington

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By Representatives B. Sullivan, Upthegrove, Wallace, Ormsby, Schual-Berke, Simpson, Goodman, P. Sullivan, Morrell, Rolfes and Santos

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1 AN ACT Relating to tax exemptions for the use of fuels and
2 equipment in student transportation programs; adding a new section to
3 chapter 82.38 RCW; adding new sections to chapter 82.08 RCW; adding new
4 sections to chapter 82.12 RCW; providing an effective date; providing
5 a contingent 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 82.38 RCW
8 to read as follows:

9 (1)(a) Notwithstanding any provision of law to the contrary, every
10 student transportation program, whether operated by a school district
11 or a commercial chartered bus service, is exempt from the provisions of
12 this chapter requiring the payment of special fuel taxes on the
13 biodiesel fuel portion of a biodiesel blend, on natural gas, and on
14 liquefied petroleum gas.

15 (b) For the purposes of this section, the following definitions
16 apply:

17 (i) "Biodiesel fuel" means a mono alkyl ester of long chain fatty
18 acids derived from vegetable oils or animal fats for use in

1 compression-ignition engines and that meets the requirements of the
2 American society of testing and materials specification D 6751 in
3 effect as of January 1, 2003.

4 (ii) "Biodiesel blend" means fuel that contains at least twenty
5 percent biodiesel fuel by volume.

6 (2)(a) With the exception of the payment of special fuel taxes on
7 the biodiesel fuel portion of a biodiesel blend, on natural gas, or on
8 liquefied petroleum gas, as provided in subsection (1) of this section,
9 the use of fuel for a student transportation program, whether operated
10 by a school district or a commercial chartered bus service, is exempted
11 from the tax imposed by this chapter, to the extent provided in (a)(i)
12 through (x) of this subsection, as follows:

13 (i) In fiscal year 2006, the use is exempt from ten percent of the
14 tax rate provided in RCW 82.38.030(4);

15 (ii) In fiscal year 2007, the use is exempt from twenty percent of
16 the tax rate provided in RCW 82.38.030(4);

17 (iii) In fiscal year 2008, the use is exempt from thirty percent of
18 the tax rate provided in RCW 82.38.030(4);

19 (iv) In fiscal year 2009, the use is exempt from forty percent of
20 the tax rate provided in RCW 82.38.030(4);

21 (v) In fiscal year 2010, the use is exempt from fifty percent of
22 the tax rate provided in RCW 82.38.030(4);

23 (vi) In fiscal year 2011, the use is exempt from sixty percent of
24 the tax rate provided in RCW 82.38.030(4);

25 (vii) In fiscal year 2012, the use is exempt from seventy percent
26 of the tax rate provided in RCW 82.38.030(4);

27 (viii) In fiscal year 2013, the use is exempt from eighty percent
28 of the tax rate provided in RCW 82.38.030(4);

29 (ix) In fiscal year 2014, the use is exempt from ninety percent of
30 the tax rate provided in RCW 82.38.030(4); and

31 (x) In fiscal year 2015, the use is exempt from one hundred percent
32 of the tax rate provided in RCW 82.38.030(4).

33 (b) Beginning July 1, 2007, all uses provided for in subsection (1)
34 of this section are exempt from one hundred percent of the tax rate
35 provided in RCW 82.38.030(4).

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

1 (1) The tax levied by RCW 82.08.020 does not apply to sales of new
2 alternative fuel vehicles to be used primarily in a student
3 transportation program, whether operated by a school district or a
4 commercial chartered bus service.

5 (2) The tax levied by RCW 82.08.020 does not apply to sales of
6 tangible personal property, or for labor and services rendered in
7 respect to installing, repairing, cleaning, altering, or improving the
8 property, including repair and replacement parts, if:

9 (a) The property is used to convert vehicles for the purpose of
10 operating on alternative fuels;

11 (b) The conversion is performed on a vehicle or engine for which a
12 United States environmental protection agency certificate of conformity
13 or a certification from the California air resources board has been
14 issued for the model year and exhaust and evaporative emissions test
15 groups of the vehicle or engine; and

16 (c) The vehicles are used primarily in a student transportation
17 program, whether operated by a school district or a commercial
18 chartered bus service.

19 (3) For the purposes of this section, the following definitions
20 apply:

21 (a) "Alternative fuel" means natural gas (compressed or liquid) or
22 liquefied petroleum gas (commonly called propane).

23 (b) "New alternative fuel vehicle" means a new motor vehicle, as
24 defined in RCW 46.96.020, originally designed and equipped by the
25 manufacturer to operate exclusively on an alternative fuel.

26 (c) "Primarily" means at least fifty percent of total use.

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

29 (1) The provisions of this chapter do not apply in respect to the
30 use of new alternative fuel vehicles to be used primarily in a student
31 transportation program, whether operated by a school district or a
32 commercial chartered bus service.

33 (2) The provisions of this chapter do not apply in respect to the
34 use of tangible personal property, or of labor and services rendered in
35 respect to installing, repairing, cleaning, altering, or improving the
36 property, if:

1 (a) The property is used to convert vehicles for the purpose of
2 operating on alternative fuels;

3 (b) The conversion is performed on a vehicle or engine for which a
4 United States environmental protection agency certificate of conformity
5 or a certification from the California air resources board has been
6 issued for the model year and exhaust and evaporative emissions test
7 groups of the vehicle or engine; and

8 (c) The vehicles are used primarily in a student transportation
9 program, whether operated by a school district or a commercial
10 chartered bus service.

11 (3) For the purposes of this section, the definitions in section 2
12 of this act apply.

13 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.08 RCW
14 to read as follows:

15 (1) The tax levied by RCW 82.08.020 does not apply to sales of
16 emissions control equipment, or for labor and services rendered in
17 respect to installing, repairing, cleaning, altering, or improving the
18 equipment, including repair and replacement parts, if the equipment is
19 used to retrofit diesel vehicles that are used primarily in a student
20 transportation program, whether operated by a school district or a
21 commercial chartered bus service.

22 (2) For the purposes of this section, the following definitions
23 apply:

24 (a) "Emissions control equipment" means a device with an oxidation
25 catalyst, particulate filter, crankcase ventilation filter, or other
26 means of reducing emissions from diesel vehicles, and that has been
27 verified under the federal environmental protection agency's voluntary
28 diesel retrofit program.

29 (b) "Primarily" has the same meaning as provided in section 2 of
30 this act.

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

33 (1) The provisions of this chapter do not apply in respect to the
34 use of emissions control equipment, or of labor and services rendered
35 in respect to installing, repairing, cleaning, altering, or improving

1 the equipment, if the equipment is used to retrofit vehicles that are
2 used primarily in a student transportation program, whether operated by
3 a school district or a commercial chartered bus service.

4 (2) For the purposes of this section, the definitions in section 4
5 of this act apply.

6 NEW SECTION. **Sec. 6.** (1) Sections 2 through 5 of this act expire
7 the earlier of July 1, 2015, or July 1st of the year following the year
8 in which the department of licensing estimates that the aggregate
9 volume of alternative fuels sold at retail for vehicular purposes
10 represents twenty percent of the aggregate volume of all fuels sold at
11 retail for vehicular purposes.

12 (2) In order to calculate the percentage of alternative fuel sales
13 in subsection (1) of this section, the department of licensing may use
14 as a proxy the estimated portion of the tax base of the special fuels
15 tax under chapter 82.38 RCW relating to fuels other than diesel fuel.
16 If exact volumes are unknown, the department may use reasonable methods
17 to derive estimates of volumes. To make the calculation, the
18 department shall convert fuel volumes to gasoline-equivalent gallons,
19 using the method utilized by the United States department of energy in
20 reporting such comparisons as of January 1, 2007.

21 (3) The department of licensing is authorized to adopt rules
22 necessary to implement this section.

23 NEW SECTION. **Sec. 7.** This act is necessary for the immediate
24 preservation of the public peace, health, or safety, or support of the
25 state government and its existing public institutions, and takes effect
26 July 1, 2007.

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