

# HOUSE BILL REPORT

## 2SHB 1481

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### As Passed House:

March 9, 2009

**Title:** An act relating to electric vehicles.

**Brief Description:** Regarding electric vehicles.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Eddy, Crouse, McCoy, Haler, Carlyle, Armstrong, Hunt, White, Dunshee, Priest, Appleton, Orwall, Rolfes, Hudgins, Hinkle, Upthegrove, Clibborn, Morrell, Ormsby, Kenney, Maxwell, Dickerson and Pedersen).

### Brief History:

#### Committee Activity:

Technology, Energy & Communications: 1/29/09, 2/16/09 [DPS];

Finance: 2/24/09, 3/2/09 [DP2S(w/o sub TEC)].

#### Floor Activity

Passed House: 3/9/09, 71-23.

### Brief Summary of Second Substitute Bill

- Directs the Puget Sound Regional Council to seek federal or private funding to develop recommendations regarding development of electric vehicle infrastructure.
- Directs the state to install charging outlets for electric vehicles in areas such as rest stops and state parking and maintenance facilities.
- Provides tax incentives for electric vehicle infrastructure.
- Authorizes an alternative fuels corridor pilot project.

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## HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives McCoy, Chair; Eddy, Vice Chair; Crouse, Ranking Minority Member; Haler, Assistant Ranking Minority Member; Carlyle, Condotta, Finn, Hasegawa, Herrera, Hudgins, Jacks, McCune, Morris, Takko and Van De Wege.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Staff:** Kara Durbin (786-7133)

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## HOUSE COMMITTEE ON FINANCE

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Technology, Energy & Communications. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Condotta, Conway, Ericks, Santos and Springer.

**Staff:** Jeffrey Mitchell (786-7139)

### **Background:**

#### Electric Vehicles.

Electricity can be used as a transportation fuel to power electric vehicles. Electric vehicles are propelled by an electric motor powered by rechargeable battery packs. These vehicles typically have limited energy storage capacity, which must be replenished by plugging the vehicle into an electrical source to recharge the battery.

#### Electricity or Biofuel Use by State Agencies.

By the year 2015, all state agencies and local government subdivisions of the state must satisfy 100 percent of their fuel needs for all vessels, vehicles, and construction equipment from electricity or biofuels. If after 2015, the Department of Community, Trade and Economic Development (DCTED) determines that the 100 percent biofuel use mandate is not practicable, then the DCTED may suspend, delay, or modify the requirement.

#### State Environmental Policy Act.

The State Environmental Policy Act (SEPA) requires local governments and state agencies to prepare an environmental impact statement (EIS) if proposed legislation or other major action may have a probable significant adverse impact on the environment. The responsible official has authority to make the threshold determination whether an EIS must be prepared. If it appears a probable significant adverse environmental impact may result, the proposal may be altered or its probable significant adverse impact mitigated. If this cannot be accomplished, an EIS is prepared. The EIS is limited, or scoped, to address only the matters determined to have a probable significant adverse environmental impact.

### **Summary of Second Substitute Bill:**

#### Puget Sound Regional Council Study.

The Puget Sound Regional Council (PSRC) is required to seek federal or private funding related to planning for electric vehicle infrastructure deployment. These efforts should include:

- development of short-term and long-term plans for how state and local governments may include electric vehicle infrastructure in parking facilities;

- consultations with the State Building Code Council and the Department of Labor and Industries to coordinate state standards to ensure that appropriate electric circuitry may be installed to support electric vehicle infrastructure;
- consultation with the Workforce Development Council and the Higher Education Coordinating Board to ensure the development of educational and training opportunities related to electric vehicles;
- development of an implementation plan for counties over 500,000 in population to achieve 10 percent electric vehicle ready parking by December 31, 2018; and
- consideration of the appropriateness of state preemption of local regulation to encourage deployment of electric vehicle infrastructure.

Any plans and recommendations developed by the PSRC must be submitted to the Legislature by December 31, 2010, or as soon as practicable after securing any federal or private funding.

#### Electricity or Biofuel Use by State Agencies.

State agencies and local governments, to the extent practicable as determined by the Department of Community Trade and Economic Development (DCTED), must achieve 40 percent fuel usage using electricity or biofuel for publicly owned vessels, vehicles, and construction equipment by June 1, 2013.

#### Charging and Battery Exchange Stations.

By December 31, 2015, the state must, to the extent practicable:

- install charging outlets capable of charging electric vehicles in each of the state's fleet parking and maintenance facilities;
- install charging outlets capable of charging electric vehicles in all state-operated highway rest stops; and
- install or lease space for installation of a battery exchange and charging station in appropriate state-operated highway rest stops.

#### Lease of Public Property.

State and local governments may lease public property for electric vehicle infrastructure.

#### Review Under the State Environmental Policy Act.

Battery charging stations and battery exchange stations will not lose their categorically exempt status under the State Environmental Policy Act (SEPA) as a result of their being parts of a larger proposal under the SEPA rules.

#### Local Regulation.

Electric vehicle infrastructure is a permitted use in all zones other than residential zones. Any local land use regulatory authority pertaining to electric vehicle infrastructure must not render the project impracticable or significantly delay the project.

#### Tax Incentives.

Electric vehicle infrastructure is exempt from leasehold excise tax.

The sale of electric vehicle batteries or the installation of electric vehicle infrastructure is exempt from retail sales and use tax.

Alternative Fuels Corridor Pilot Project.

An alternative fuels corridor pilot project is authorized for five locations in the state. The Washington State Department of Transportation (WSDOT) may enter into partnership agreements with public and private entities for the use of land and facilities along state routes and within interstate highway rights-of-way.

The pilot project must:

- limit renewable fuel and vehicle technology offerings to those fuels or vehicle technologies with a forecasted demand over the next 15 years that are approved by the WSDOT;
- ensure that the site does not compete with existing refueling services or recharging technologies in the same geographic area;
- provide existing truck stop operators and truck refueling businesses with a right of first refusal over the offering of refueling services for certain types of trucks within the same geographic area as the pilot project site;
- ensure that any commercial activities at host sites do not materially affect the revenues forecast for vending operations offered by the Department of Services for the Blind; and
- regulate the internal rate of return from the partnership.

The duration of the pilot project is limited to the term of years reasonably necessary for the partnership to recover the cost of capital investments, plus the regulated internal rate of return.

**Appropriation:** None.

**Fiscal Note:** Requested on March 3, 2009.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony** (Technology, Energy & Communications):

(In support) Using electric vehicles will help our state achieve its greenhouse gas (GHG) targets. Technology and vehicle miles traveled are part of the solution. The electric vehicle industry is coming, but it is still questionable as to what markets the automobile companies and the electric vehicle infrastructure companies will enter. It is important that there be infrastructure in place in communities so consumers can drive their electric vehicle. Our society doesn't seem to recognize the externalized costs from gasoline, such as noise pollution and runoff into Puget Sound. The government needs to help our state move along in this positive direction. This bill takes an important step to address GHG emissions in the electricity sector. It is important that we move towards zero-emissions transportation. Electric vehicles have zero emissions and function really well for very little cost-per-mile.

Putting in electric vehicle circuitry in new homes is relatively simple. All you need is a dryer outlet. There will be a market for charging stations once manufacturers start building the electric cars on a larger scale.

We are supportive of this bill because it aligns with recommendations of the Climate Action Team, and it is another tool in helping the transportation sector cope with its GHG emissions. There is a potential for the state to play an important role in infrastructure development.

(In support with concerns) We are interested in working with the Legislature to help develop this important infrastructure. We would like to see the preemption of local authority to be narrower, as well as the State Environmental Policy Act (SEPA) exemption. This bill should better define what is exempt. We support using the State Building Code Council to pursue these changes. It is an unfunded mandate for the state to direct larger counties to pursue new development regulations. The timelines under the bill may not be reasonable.

(With concerns) This bill specifies a solution, but unfortunately creates a disincentive for other solutions you might need. Biogas, natural gas, localized hydrogen, and other projects should also be encouraged, not just electricity. There are concerns about highway taxes and fuel taxes being pursued as electric vehicles come on board. We are also concerned about the mandates regarding electric vehicle circuitry in commercial and multi-family developments. The real estate community would prefer that the Legislature create incentives for these kind of activities, rather than a mandate. There are going to be significant costs for developers in complying with this bill.

We support the concept, but this bill needs further work. There are questions about liability that may occur in public rights-of-way for new facilities. We need to assess the impacts on rural counties of providing the electricity generation to support the use of electric vehicles in urban counties.

We would like to see the provisions regarding electric vehicle circuitry become more specific as to what is required. We want to know the capital costs of having the requisite electric vehicle circuitry in the system would be. It is unclear whether the private sector would have to provide the individual electric metering for each parking space. Automobile dealers are going to be selling a wide range of vehicles in the future with varying propulsion technologies, and some will be more efficient and have better emissions. This bill should encourage all kinds of new propulsion technologies, not just electric vehicles. The mandate for the private sector to provide electric vehicle infrastructure should be revisited. It makes more sense to focus on public locations first.

(Comments only) This bill will help our state achieve its air quality objectives and climate change objectives.

(Opposed) This bill does provide an opportunity for transportation choices, and we support having that available. We are interested in looking at having certain types of facilities that have an environmental impact statement and then not have to go through the SEPA process every time.

**Staff Summary of Public Testimony (Finance):**

(In support) This bill helps address our greenhouse gas reduction goals, which are now in statute. This bill helps air quality in the state, helps alleviate our dependence on fossil fuels, and storm water runoff in Puget Sound. We see this bill as a classic clean technology way out of our recession. The bill will create short-term jobs as soon as the infrastructure starts to be installed, with numerous charge spots between Everett and Tacoma alone. Washington may be the first state on the continent to use this new technology and gives us a perfect opportunity to be the place where the batteries and all the other infrastructure for this new technology would be built. This bill, for a period of approximately 10 years, allows Washington to ramp up incentives of various types for an industry that otherwise would not come here. Therefore, the theoretical revenue decrease reflected in the fiscal note from the exemptions in the bill is not revenue that would be coming to our state anyway because this whole electrification of our roadway simply will not come if bills or bills like it do not pass.

(In support with concerns) There are numerous aspects here that will affect local government revenues to the negative. If these tax exemptions are granted, then it is requested that they be focused on the state share and leave the local share alone.

(Opposed) None.

**Persons Testifying** (Technology, Energy & Communications): (In support) Representative Eddy, prime sponsor; Clifford Traisman and Jeff Miller, Better Place; Elizabeth Wilmott, King County Executive Office; Graeme Sackrison; Miguel Perez-Gibson, Climate Solutions; Bill LaBorde, Transportation Choices Coalition; Deb Seymour, Seva; Daniel Davids, Plug-in America; and Jeff Doyle, Washington State Department of Transportation.

(In support with concerns) Dave Williams, Association of Washington Citites.

(With concerns) Scott Nelson, Northwest Natural Gas; Van Collins, The Associated General Contractors of America; Bob Mitchell, Commercial Brokers Association and Commercial Realtors; Greg Hanon, National Association of Industrial and Office Properties; Scott Hazlegrove, Washington State Auto Dealers Association; and Scott Merriman, Association of Counties.

(Comments only) Stu Clark, Department of Ecology.

(Opposed) Jeanette McKague, Washington Realtors.

**Persons Testifying** (Finance): (In support) Representative Eddy, prime sponsor; Cliff Traisman, Tayloe Washburn, and Greg Pierce, Better Place; and Steve Marshall, Discovery Institute.

(In support with concerns) Scott Merriman, Association of Counties.

**Persons Signed In To Testify But Not Testifying** (Technology, Energy & Communications): None.

**Persons Signed In To Testify But Not Testifying** (Finance): None.