
Finance Committee

HB 2339

Brief Description: Encouraging the purchase of all electric truck tractor vehicles.

Sponsors: Representatives Condotta, Tarleton, Muri and Doglio.

Brief Summary of Bill

- Authorizes a retail sales tax remittance of up to \$10,000 for each purchase of an all-electric truck tractor.

Hearing Date: 1/16/18

Staff: Tracey O'Brien (786-7152).

Background:

The Legislature has enacted several tax preferences to encourage the buying and leasing of clean alternative fuel vehicles, including commercial vehicles.

A business is eligible for a business and occupation (B&O) tax credit or a public utility tax (PUT) credit for the purchase or lease of a clean alternative fuel commercial vehicle, or for the modification of a commercial vehicle to run mainly on clean alternative fuel. The annual statewide limit on credits is \$6 million, which may be earned through January 1, 2021.

Sales and Use Tax.

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use taxes apply to the value when used in this state. The state, most cities, and all counties levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent. Local sales and use tax rates vary from 0.5 percent to 3.9 percent, depending on the location.

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Summary of Bill:

A person who purchases an all electric truck tractor and paid sales tax on the purchase may apply for an exemption of up to \$10,000 in state sales tax. The exemption will be paid in the form of a remittance and must be requested in the manner and form required by the Department of Revenue (DOR). The DOR must determine eligibility based on information provided by the buyer and through audit and other administrative records.

A tax preference performance statement is provided. It states that the Legislature intends to extend the tax exemption if at least 10 all-electric truck tractors are purchased as a result of this tax preference. The tax exemption is subject to an automatic 10-year expiration.

Appropriation: None.

Fiscal Note: Available.

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