
SUBSTITUTE SENATE BILL 6080

State of Washington

65th Legislature

2018 Regular Session

By Senate Energy, Environment & Technology (originally sponsored by Senators Palumbo, Carlyle, Mullet, Wellman, Keiser, Billig, Nelson, McCoy, Lias, Van De Wege, Hunt, and Kuderer)

READ FIRST TIME 02/02/18.

1 AN ACT Relating to the electrification of transportation;
2 amending RCW 43.19.648, 43.325.080, 28A.160.195, 19.27.540,
3 35.58.250, 82.04.4496, 82.16.0496, 82.08.809, 82.08.816, 82.12.809,
4 and 70.120A.010; adding a new chapter to Title 70 RCW; creating new
5 sections; providing expiration dates; and declaring an emergency.

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

7 **PART I**

8 **Public Agency Acquisition of Electric and Alternative Fuel Vehicles**

9 **Sec. 101.** RCW 43.19.648 and 2013 c 328 s 1 are each amended to
10 read as follows:

11 (1) (~~Effective June 1, 2015,~~) All state agencies, to the extent
12 determined practicable by the rules adopted by the department of
13 commerce pursuant to RCW 43.325.080, are required to satisfy one
14 hundred percent of their fuel usage for operating publicly owned
15 vessels, vehicles, and construction equipment from electricity or
16 biofuel. Compressed natural gas, liquefied natural gas, or propane
17 may be substituted for electricity or biofuel if the department of
18 commerce determines that electricity and biofuel are not reasonably
19 available.

1 (2)(a) (~~Effective June 1, 2018,~~) All local government
2 subdivisions of the state, to the extent determined practicable by
3 the rules adopted by the department of commerce pursuant to RCW
4 43.325.080, are required to satisfy one hundred percent of their fuel
5 usage for operating publicly owned vessels, vehicles, and
6 construction equipment from electricity or biofuel.

7 **(b)** The department of commerce shall convene an advisory
8 committee of representatives of local government subdivisions,
9 representatives from organizations representing each local government
10 subdivision, an organization focused on environmental policy, and
11 either (i) an electric utility or (ii) a natural gas utility, or
12 both, to work with the department to develop the rules. The
13 department may invite additional stakeholders to participate in the
14 advisory committee as needed and determined by the department.

15 (~~(b)~~) **(c)** The following are exempt from this requirement: (i)
16 Transit agencies using compressed natural gas on June 1, 2018, and
17 (ii) engine retrofits that would void warranties. Nothing in this
18 section is intended to require the replacement of equipment before
19 the end of its useful life. Compressed natural gas, liquefied natural
20 gas, or propane may be substituted for electricity or biofuel if the
21 department of commerce determines that electricity and biofuel are
22 not reasonably available.

23 (~~(c)~~) **(d)**(i) Rules adopted pursuant to RCW 43.325.080 must
24 provide the authority for local government subdivisions to elect to
25 exempt police, fire, and other emergency response vehicles, including
26 utility vehicles frequently used for emergency response, from the
27 fuel usage requirement in (a) of this subsection.

28 (ii) Prior to executing its authority under (~~(c)~~) **(d)**(i) of
29 this subsection, a local government subdivision must provide notice
30 to the department of commerce of the exemption. The notice must
31 include the rationale for the exemption and an explanation of how the
32 exemption is consistent with rules adopted by the department of
33 commerce.

34 (~~(d)~~) **(e)** Before June 1, 2018, local government subdivisions
35 purchasing vessels, vehicles, and construction equipment capable of
36 using biodiesel must request warranty protection for the highest
37 level of biodiesel the vessel, vehicle, or construction equipment is
38 capable of using, up to one hundred percent biodiesel, as long as the
39 costs are reasonably equal to a vessel, vehicle, or construction

1 equipment that is not warranted to use up to one hundred percent
2 biodiesel.

3 (3) In order to phase in this transition for the state, all state
4 agencies, to the extent determined practicable by the department of
5 commerce by rules adopted pursuant to RCW 43.325.080, are required to
6 achieve forty percent fuel usage for operating publicly owned
7 vessels, vehicles, and construction equipment from electricity or
8 biofuel by June 1, 2013. Compressed natural gas, liquefied natural
9 gas, or propane may be substituted for electricity or biofuel if the
10 department of commerce determines that electricity and biofuel are
11 not reasonably available. The department of enterprise services, in
12 consultation with the department of commerce, shall report to the
13 governor and the legislature by December 1, 2013, on what percentage
14 of the state's fuel usage is from electricity or biofuel.

15 (4) Except for cars owned or operated by the Washington state
16 patrol, when tires on vehicles in the state's motor vehicle fleet are
17 replaced, they must be replaced with tires that have the same or
18 better rolling resistance as the original tires.

19 (5) By December 31, 2015, the state must, to the extent
20 practicable, install electrical outlets capable of charging electric
21 vehicles in each of the state's fleet parking and maintenance
22 facilities.

23 (6) The department of transportation's obligations under
24 subsection (3) of this section are subject to the availability of
25 amounts appropriated for the specific purpose identified in
26 subsection (3) of this section.

27 (7) The department of transportation's obligations under
28 subsection (5) of this section are subject to the availability of
29 amounts appropriated for the specific purpose identified in
30 subsection (5) of this section unless the department receives federal
31 or private funds for the specific purpose identified in subsection
32 (5) of this section.

33 (8) By December 1, 2020, December 1, 2023, and December 1, 2026,
34 the department of commerce must provide a report to the appropriate
35 committees of the legislature and the governor on the progress toward
36 meeting the goals of subsections (1) and (2) of this section and
37 recommendations for administrative, legislative, or budgetary actions
38 to ensure the goals are met. The department shall continue providing
39 updated reports by December 1st every three years until the goals of
40 this act are fulfilled.

1 (9) The definitions in this subsection apply throughout this
2 section unless the context clearly requires otherwise.

3 (a) "Battery charging station" means an electrical component
4 assembly or cluster of component assemblies designed specifically to
5 charge batteries within electric vehicles, which meet or exceed any
6 standards, codes, and regulations set forth by chapter 19.28 RCW and
7 consistent with rules adopted under RCW 19.27.540.

8 (b) "Battery exchange station" means a fully automated facility
9 that will enable an electric vehicle with a swappable battery to
10 enter a drive lane and exchange the depleted battery with a fully
11 charged battery through a fully automated process, which meets or
12 exceeds any standards, codes, and regulations set forth by chapter
13 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

14 **Sec. 102.** RCW 43.325.080 and 2011 c 353 s 5 are each amended to
15 read as follows:

16 (1) By (~~June 1, 2010~~) July 1, 2018, the department (~~shall~~)
17 must adopt rules to define practicability and clarify how state
18 agencies will be evaluated in determining whether they have met the
19 goals set out in RCW 43.19.648(1). At a minimum, the rules must
20 address:

21 (a) Criteria for determining how the goal in RCW 43.19.648(1)
22 will be met (~~by June 1, 2015~~);

23 (b) Factors considered to determine compliance with the goal in
24 RCW 43.19.648(1), including but not limited to: The regional
25 availability of fuels; vehicle costs; differences between types of
26 vehicles, vessels, or equipment; the cost of program implementation;
27 and cost differentials in different parts of the state; and

28 (c) A schedule for phased-in progress towards meeting the goal in
29 RCW 43.19.648(1) that may include different schedules for different
30 fuel applications or different quantities of biofuels.

31 (2) By June 1, (~~2015~~) 2018, the department (~~shall~~) must adopt
32 rules to define practicability and clarify how local government
33 subdivisions of the state will be evaluated in determining whether
34 they have met the goals set out in RCW 43.19.648(2). At a minimum,
35 the rules must address:

36 (a) Criteria for determining how the goal in RCW 43.19.648(2)
37 will be met (~~by June 1, 2018~~);

38 (b) Factors considered to determine compliance with the goal in
39 RCW 43.19.648(2), including but not limited to: The regional

1 availability of fuels; vehicle costs; differences between types of
2 vehicles, vessels, or equipment; the cost of program implementation;
3 and cost differentials in different parts of the state; and

4 (c) A schedule for phased-in progress towards meeting the goal in
5 RCW 43.19.648(2) that may include different schedules for different
6 fuel applications or different quantities of biofuels.

7 (3) A purchase by a state agency or local government is
8 practicable when:

9 (a) A vehicle fueled by gasoline or diesel may be replaced by a
10 vehicle fueled by a biofuel or electricity;

11 (b) The replacement vehicle meets the agency's or local
12 government's duty standards;

13 (c) The cost of the replacement vehicle does not exceed the cost
14 of a vehicle fueled by gasoline or diesel by more than five percent
15 on a lifecycle basis. The lifecycle cost calculation must, at a
16 minimum, take into account the following factors:

17 (i) Funding is provided by the state government, federal
18 government, or other source to reduce the cost of the replacement
19 vehicle to such a level;

20 (ii) Fuel costs, including projected increases or decreases in
21 costs of different fuels; and

22 (iii) Maintenance savings or costs.

23 (4) By July 1, 2019, and by July 1st of each year thereafter,
24 each state agency and each local government must submit a report to
25 the department documenting its progress in meeting the fuel usage
26 goals of RCW 43.19.648 (1) and (2). The department of commerce may
27 reduce the frequency of reporting for any agency or local governments
28 using less than fifty thousand gallons of fuel per year. The reports
29 must describe the vehicles purchased and the reasons for purchasing
30 gasoline or diesel fuel vehicles when it was determined that
31 purchasing an alternative fuel or electric vehicle was not
32 practicable.

33 **Sec. 103.** RCW 28A.160.195 and 2005 c 492 s 1 are each amended to
34 read as follows:

35 (1) The superintendent of public instruction, in consultation
36 with the regional transportation coordinators of the educational
37 service districts, shall establish a minimum number of school bus
38 categories considering the capacity and type of vehicles required by
39 school districts in Washington. The superintendent, in consultation

1 with the regional transportation coordinators of the educational
2 service districts, shall establish competitive specifications for
3 each category of school bus. The categories shall be developed to
4 produce minimum long-range operating costs, including costs of
5 equipment and all costs in operating the vehicles. The competitive
6 specifications shall meet federal motor vehicle safety standards,
7 minimum state specifications as established by rule by the
8 superintendent, ~~((and))~~ supported options as determined by the
9 superintendent in consultation with the regional transportation
10 coordinators of the educational service districts, and incorporate
11 the goals for replacing gasoline and diesel fuel vehicles under RCW
12 43.19.648(2). The superintendent may solicit and accept price quotes
13 for a rear-engine category school bus that shall be reimbursed at the
14 price of the corresponding front engine category.

15 (2) After establishing school bus categories and competitive
16 specifications, the superintendent of public instruction shall
17 solicit competitive price quotes for base buses from school bus
18 dealers to be in effect for one year and shall establish a list of
19 all accepted price quotes in each category obtained under this
20 subsection. The superintendent shall also solicit price quotes for
21 optional features and equipment.

22 (3) The superintendent shall base the level of reimbursement to
23 school districts and educational service districts for school buses
24 on the lowest quote for the base bus in each category. School
25 districts and educational service districts shall be reimbursed for
26 buses purchased only through a lowest-price competitive bid process
27 conducted under RCW 28A.335.190 or through the state bid process
28 established by this section. School districts and educational service
29 districts must be reimbursed from funds appropriated from the clean
30 energy account created in section 601 of this act for any additional
31 costs to replace a diesel or gasoline bus with a bus powered by an
32 alternative fuel, where the replacement contributes toward the
33 district's compliance with the goals of RCW 43.19.648(2).

34 (4) Notwithstanding RCW 28A.335.190, school districts and
35 educational service districts may purchase at the quoted price
36 directly from any dealer who is on the list established under
37 subsection (2) of this section. School districts and educational
38 service districts may make their own selections for school buses, but
39 shall be reimbursed at the rates determined under subsection (3) of

1 this section and RCW 28A.160.200. District-selected options shall not
2 be reimbursed by the state.

3 (5) This section does not prohibit school districts or
4 educational service districts from conducting their own competitive
5 bid process.

6 (6) The superintendent of public instruction may adopt rules
7 under chapter 34.05 RCW to implement this section.

8 **PART II**

9 **Building and Electrical Codes**

10 **Sec. 201.** RCW 19.27.540 and 2009 c 459 s 16 are each amended to
11 read as follows:

12 The building code council (~~shall~~) must adopt rules for electric
13 vehicle infrastructure requirements, including rules that require
14 electric vehicle charging capability at commercial developments,
15 multifamily housing developments, and single-family housing
16 developments. Rules adopted by the state building code council must
17 consider applicable national and international standards and be
18 consistent with rules adopted under RCW 19.28.281.

19 **PART III**

20 **Shared Employer Shuttles**

21 **Sec. 301.** RCW 35.58.250 and 1965 c 7 s 35.58.250 are each
22 amended to read as follows:

23 (1) Except in accordance with an agreement made as provided
24 herein, upon the effective date on which the metropolitan municipal
25 corporation commences to perform the metropolitan transportation
26 function, no person or private corporation shall operate a local
27 public passenger transportation service within the metropolitan area
28 with the exception of taxis, buses owned or operated by a school
29 district or private school, buses owned or operated by any
30 corporation or organization for use as a shared employee shuttle, and
31 buses owned or operated by any corporation or organization solely for
32 the purposes of the corporation or organization and for the use of
33 which no fee or fare is charged.

34 (2) An agreement may be entered into between the metropolitan
35 municipal corporation and any person or corporation legally operating
36 a local public passenger transportation service wholly within or

1 partly within and partly without the metropolitan area and on said
2 effective date under which such person or corporation may continue to
3 operate such service or any part thereof for such time and upon such
4 terms and conditions as provided in such agreement. Where any such
5 local public passenger transportation service will be required to
6 cease to operate within the metropolitan area, the commission may
7 agree with the owner of such service to purchase the assets used in
8 providing such service, or if no agreement can be reached, the
9 commission shall condemn such assets in the manner provided herein
10 for the condemnation of other properties.

11 (3) Wherever a privately owned public carrier operates wholly or
12 partly within a metropolitan municipal corporation, the Washington
13 utilities and transportation commission shall continue to exercise
14 jurisdiction over such operation as provided by law.

15 PART IV

16 Charge Ahead Washington Program

17 NEW SECTION. **Sec. 401.** The definitions in this section apply
18 throughout this chapter unless the context clearly requires
19 otherwise.

20 (1) "Area median income" means the median income for the
21 metropolitan statistical area in which a household is located or, if
22 the household is not located within a metropolitan statistical area,
23 for the metropolitan statistical area in closest proximity to the
24 location of the household, as determined by the office of financial
25 management, adjusted for household size.

26 (2) "Department" means the department of commerce.

27 (3) "Charge ahead rebate" means a rebate for the purchase of a
28 new or used light-duty zero-emission vehicle issued through the
29 charge ahead Washington program established under section 402 of this
30 act.

31 (4) "High-emission passenger motor vehicle" means a motor vehicle
32 that is:

33 (a) Designed primarily for the transportation of persons; and

34 (b) Powered by an internal combustion engine that is ten years
35 old or older.

36 (5) "Low-income household" means a household with income less
37 than or equal to eighty percent of the area median income.

1 (6) "Moderate income household" means a household with income
2 less than or equal to one hundred twenty percent and greater than
3 eighty percent of the area median income.

4 NEW SECTION. **Sec. 402.** (1) The department must establish a
5 charge ahead Washington program to provide for charge ahead rebates
6 to low-income households and moderate-income households that
7 voluntarily retire high-emission passenger motor vehicles to a
8 licensed vehicle wrecker and replace those motor vehicles with new or
9 used light-duty zero-emission vehicles. The director of the
10 department may hire or contract with a third-party nonprofit
11 organization to implement and serve as the administrator of the
12 program required by this section.

13 (2) The department may:

14 (a) Specify design features for the program; and

15 (b) Establish procedures to:

16 (i) Prioritize available moneys to specific income levels or
17 geographic areas; and

18 (ii) Limit the number of charge ahead rebates available subject
19 to funds appropriated for the charge ahead Washington program.

20 (3) An eligible purchaser or lessee of a new or used light-duty
21 zero-emission vehicle may apply for a charge ahead rebate for a
22 portion of the purchase price or may choose to assign the charge
23 ahead rebate to a vehicle dealer or lessor.

24 (4) Rebates under the charge ahead Washington program must be
25 made from moneys credited to or deposited in the clean energy account
26 created in section 601 of this act. A rebate may not be made until
27 there are sufficient moneys available in the clean energy account to
28 make the rebate.

29 (5) The department must prescribe the rebate application
30 procedure for purchasers and lessees. All rebate applications must
31 include a declaration under penalty of perjury.

32 (6) Charge ahead rebates must be in an amount up to five thousand
33 dollars, but not less than one thousand two hundred fifty dollars.

34 (7) To be eligible for a charge ahead rebate, a person requesting
35 a rebate under the program must:

36 (a) Be a member of a low-income household or a moderate-income
37 household.

38 (b) Reside in a census tract that has been identified by the
39 department of health as having elevated concentrations of air

1 contaminants commonly attributable to motor vehicle emissions, such
2 as particulate matter, benzene and nitrogen oxides, relative to other
3 areas of the state.

4 (c) Document that the person will deliver a high-emission
5 passenger motor vehicle to a licensed vehicle wrecker that, on the
6 date of the rebate application, is registered as operable and has
7 been continuously registered for the last two years.

8 (d) Purchase or lease a new or used light-duty zero-emission
9 vehicle. A lease must have a minimum term of twenty-four months.

10 (e) Provide proof of an intent to use the light-duty zero-
11 emission vehicle primarily on the public highways of this state,
12 which may be satisfied by providing proof of registration of the
13 vehicle in Washington.

14 (f) Submit an application for a charge ahead rebate to the
15 administrator of the program within six months of the date of
16 purchase or six months from the date the lease begins.

17 (g) Retain registration of the light-duty zero-emission vehicle
18 for a minimum of twenty-four consecutive months following the date of
19 purchase or following the date the lease begins.

20 (8) A person that receives a charge ahead rebate may not make or
21 allow any modifications to the vehicle's emissions control systems,
22 hardware, software calibrations, or hybrid system.

23 (9) If a charge ahead rebate recipient intends to sell the
24 vehicle, or otherwise terminate the vehicle lease before the end of
25 twenty-four months, the charge ahead rebate recipient shall notify
26 the administrator of the program of the recipient's intent to sell
27 the vehicle or terminate a lease and must reimburse the administrator
28 for the entire charge ahead rebate amount.

29 (10) Charge ahead rebate recipients may be requested to
30 participate in ongoing research efforts.

31 (11) The administrator of the program must work to ensure timely
32 payment of charge ahead rebates with a goal of paying rebates within
33 sixty days of receiving an application for a charge ahead rebate.

34 (12) In establishing the charge ahead Washington program, the
35 department shall provide opportunities for public comment by low-
36 income households, moderate-income households, and community based
37 organizations that are located in areas of this state that have
38 elevated concentrations of air contaminants attributable to motor
39 vehicle emissions, relative to other areas of the state. The
40 department must use the comments received pursuant to this subsection

1 to inform, evaluate, and strengthen the design of the program in
2 order to increase the usage of light-duty zero-emission vehicles.

3 (13) The administrator of the program must, throughout the course
4 of implementing the program, conduct community outreach to low-income
5 households, moderate-income households, and community based
6 organizations that are located in areas of this state that have
7 elevated concentrations of air contaminants attributable to motor
8 vehicle emissions, relative to other areas of the state, in order to:

9 (a) Solicit feedback on program implementation; and

10 (b) Take steps to ensure that the program is promoted
11 effectively.

12 (14) A vehicle dealer may advertise the charge ahead Washington
13 program on the premises owned or operated by the vehicle dealer. If
14 no money is available from the program or the program otherwise
15 changes, a vehicle dealer who advertises the program may not be held
16 liable for advertising false or misleading information.

17 (15) An organization that the department has hired or contracted
18 with to implement and serve as the administrator of the program may
19 offer expanded financing mechanisms for program participants,
20 including but not limited to a loan or loan-loss reserve credit
21 enhancement program, to increase consumer access to new or used
22 light-duty zero-emission vehicles.

23 (16) The department may adopt rules as necessary to carry out the
24 provisions of this section.

25 (17) The department must periodically audit the charge ahead
26 Washington program established in this section to determine whether
27 the program is being implemented and administered according to this
28 section. By September 15th of each even-numbered year, the department
29 shall provide a report to the legislature that includes at a minimum:

30 (a) The amount of money spent on rebates under subsection (4) of
31 this section;

32 (b) An analysis of the effectiveness of the rebate program
33 established under this section;

34 (c) Recommendations, which may include recommendations for
35 legislation, on ways to improve the charge ahead Washington program
36 established under this section; and

37 (d) The results of any audits conducted under this subsection.

38 **PART V**

39 **Electric and Alternative Vehicle Sales Tax Credits**

1 NEW SECTION. **Sec. 501.** (1) This section is the tax preference
2 performance statement for the tax preferences contained in this act.
3 The performance statement is only intended to be used for subsequent
4 evaluation of the tax preference. It is not intended to create a
5 private right of action by any party or be used to determine
6 eligibility for preferential tax treatment.

7 (2) The legislature categorizes the tax preference as one
8 intended to induce certain designated behavior by taxpayers, as
9 indicated in RCW 82.32.808(2)(a).

10 (3) It is the legislature's specific public policy objective to
11 increase the use of clean alternative fuel vehicles in Washington. It
12 is the legislature's intent to make permanent the existing sales and
13 use tax exemption on certain clean alternative fuel vehicles in order
14 to reduce the price charged to customers for clean alternative fuel
15 vehicles.

16 (4) To measure the effectiveness of the tax preferences in this
17 act in achieving the public policy objectives described in subsection
18 (3) of this section, the joint legislative audit and review committee
19 must evaluate the number of clean alternative fuel vehicles titled in
20 the state in calendar year 2023.

21 (5) Beginning July 1, 2019, in order to obtain the data necessary
22 to perform the review in subsection (4) of this section, the
23 department of licensing must provide data needed for the joint
24 legislative audit and review committee analysis. In addition to the
25 data source described under this subsection, the joint legislative
26 audit and review committee may use any other data it deems necessary.

27 **Sec. 502.** RCW 82.04.4496 and 2017 c 116 s 1 are each amended to
28 read as follows:

29 (1)(a) A person who is taxable under this chapter is allowed a
30 credit against the tax imposed in this chapter according to the gross
31 vehicle weight rating of the vehicle and the incremental cost of the
32 vehicle purchased above the purchase price of a comparable
33 conventionally fueled vehicle. The credit is limited, as set forth in
34 the table below, to the lesser of the incremental cost amount or the
35 maximum credit amount per vehicle purchased, and subject to a maximum
36 annual credit amount per vehicle class.

Gross Vehicle Weight	Incremental Cost Amount	Maximum Credit Amount Per Vehicle	Maximum Annual Credit Per Vehicle Class
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1	Up to 14,000 pounds	((50)) <u>75%</u> of incremental cost	\$25,000	(((\$2,000,000)) <u>\$13,333,333</u>
2				
3	14,001 to 26,500 pounds	((50)) <u>75%</u> of incremental cost	\$50,000	(((\$2,000,000)) <u>\$13,333,333</u>
4				
5	Above 26,500 pounds	((50)) <u>75%</u> of incremental cost	\$100,000	(((\$2,000,000)) <u>\$13,333,333</u>
6				

7 (b) On September 1st of each year any unused credits from any
8 weight class identified in the table in (a) of this subsection must
9 be made available to applicants applying for credits under any other
10 weight class listed.

11 (c) The credit provided in this subsection (1) is available for
12 the lease of a vehicle. The credit amount for a leased vehicle is
13 equal to the credit in this subsection (1) multiplied by the lease
14 reduction factor. The person claiming the credit for a leased vehicle
15 must be the lessee as identified in the lease contract.

16 (d) Beginning December 31, 2019, and every four years thereafter,
17 the department must review the credits claimed, incremental costs of
18 alternative fuel vehicles, and recommend changes to the incentive
19 levels for each class of vehicle to the legislature in order to
20 promote cost-efficient conversions.

21 (2) A person who is taxable under this chapter is allowed,
22 subject to the maximum annual credit per vehicle class in subsection
23 (1)(a) of this section, a credit against the tax imposed in this
24 chapter for the lesser of ~~((twenty-five))~~ fifty thousand dollars or
25 ~~((thirty))~~ fifty percent of the costs of converting a commercial
26 vehicle to be principally powered by a clean alternative fuel with a
27 United States environmental protection agency certified conversion.

28 (3) The total credits under this section may not exceed the
29 lesser of ~~((two))~~ five hundred ~~((fifty))~~ thousand dollars or
30 ~~((twenty-five))~~ fifty vehicles per person per calendar year.

31 (4) A person may not receive credit under this section for
32 amounts claimed as credits under chapter 82.16 RCW.

33 (5) Credits are available on a first-in-time basis. The
34 department must disallow any credits, or portion thereof, that would
35 cause the total amount of credits claimed under this section, and RCW
36 82.16.0496, during any calendar year to exceed ~~((six))~~ forty million
37 dollars. The department must provide notification on its web site
38 monthly on the amount of credits that have been applied for, the
39 amount issued, and the amount remaining before the statewide annual

1 limit is reached. In addition, the department must provide written
2 notice to any person who has applied to claim tax credits in excess
3 of the limitation in this subsection.

4 (6) For the purposes of the limits provided in this section, a
5 credit must be counted against such limits for the calendar year in
6 which the credit is earned.

7 (7) To claim a credit under this section a person must
8 electronically file with the department all returns, forms, and any
9 other information required by the department, in an electronic format
10 as provided or approved by the department. No refunds may be granted
11 for credits under this section.

12 (8) To claim a credit under this section, the person applying
13 must:

14 (a) Complete an application for the credit which must include:

15 (i) The name, business address, and tax identification number of
16 the applicant;

17 (ii) A quote or unexecuted copy of the purchase requisition or
18 order for the vehicle;

19 (iii) The type of alternative fuel to be used by the vehicle;

20 (iv) The incremental cost of the alternative fuel system;

21 (v) The anticipated delivery date of the vehicle;

22 (vi) The estimated annual fuel use of the vehicle in the
23 anticipated duties;

24 (vii) The gross weight of each vehicle;

25 (viii) For leased vehicles, a copy of the lease contract that
26 includes the gross capitalized cost, residual value, and name of the
27 lessee; and

28 (ix) Any other information deemed necessary by the department to
29 support administration or reporting of the program.

30 (b) Within fifteen days of notice of credit availability from the
31 department, provide notice of intent to claim the credit including:

32 (i) A copy of the order for the vehicle, including the total cost
33 for the vehicle;

34 (ii) The anticipated delivery date of the vehicle, which must be
35 within one year of acceptance of the credit; and

36 (iii) Any other information deemed necessary by the department to
37 support administration or reporting of the program.

38 (c) Provide final documentation within fifteen days of receipt of
39 the vehicle, including:

40 (i) A copy of the final invoice for the vehicle;

1 (ii) A copy of the factory build sheet or equivalent
2 documentation;

3 (iii) The vehicle identification number of each vehicle;

4 (iv) The incremental cost of the alternative fuel system;

5 (v) Attestations signed by both the seller and purchaser of each
6 vehicle attesting that the incremental cost of the alternative fuel
7 system includes only the costs necessary for the vehicle to run on
8 alternative fuel and no other vehicle options, equipment, or costs;
9 and

10 (vi) Any other information deemed necessary by the department to
11 support administration or reporting of the program.

12 (9) A person applying for credit under subsection (8) of this
13 section may apply for multiple vehicles on the same application, but
14 the application must include the required information for each
15 vehicle included in the application.

16 (10) To administer the credits, the department must, at a
17 minimum:

18 (a) Provide notification on its web site monthly of the amount of
19 credits that have been applied for, claimed, and the amount remaining
20 before the statewide annual limit is reached;

21 (b) Within fifteen days of receipt of the application, notify
22 persons applying of the availability of tax credits in the year in
23 which the vehicles applied for are anticipated to be delivered;

24 (c) Within fifteen days of receipt of the notice of intent to
25 claim the tax credit, notify the applicant of the approval, denial,
26 or missing information in their notice; and

27 (d) Within fifteen days of receipt of final documentation, review
28 the documentation and notify the person applying of the acceptance of
29 their final documentation.

30 (11) If a person fails to supply the information as required in
31 subsection (8) of this section, the department must deny the
32 application.

33 (12)(a) Taxpayers are only eligible for a credit under this
34 section based on:

35 (i) Sales or leases of new commercial vehicles and qualifying
36 used commercial vehicles with propulsion units that are principally
37 powered by a clean alternative fuel; or

38 (ii) Costs to modify a commercial vehicle, including sales of
39 tangible personal property incorporated into the vehicle and labor or

1 service expenses incurred in modifying the vehicle, to be principally
2 powered by a clean alternative fuel.

3 (b) A credit is earned when the purchaser or the lessee takes
4 receipt of the qualifying commercial vehicle or the conversion is
5 complete.

6 (13) A credit earned during one calendar year may be carried over
7 to be credited against taxes incurred in the subsequent calendar
8 year, but may not be carried over a second year.

9 (14)(a) Beginning November 25, 2015, and on the 25th of February,
10 May, August, and November of each year thereafter, the department
11 must notify the state treasurer of the amount of credits taken under
12 this section as reported on returns filed with the department during
13 the preceding calendar quarter ending on the last day of December,
14 March, June, and September, respectively.

15 (b) On the last day of March, June, September, and December of
16 each year until December 31, 2021, the state treasurer, based upon
17 information provided by the department, must transfer a sum equal to
18 the dollar amount of the credit provided under this section from the
19 multimodal transportation account to the general fund. However, if at
20 any time before December 31, 2021, the cumulative amount of credits
21 claimed under this section and RCW 82.16.0496 total more than thirty-
22 three million dollars, then the state treasurer must transfer a sum
23 equal to the dollar amount of the credit provided under this section
24 from the clean energy account created in section 601 of this act to
25 the general fund.

26 (c) On the last day of March, June, September, and December of
27 each year beginning January 1, 2022, the state treasurer, based upon
28 information provided by the department, must transfer a sum equal to
29 the dollar amount of the credit provided under this section from the
30 clean energy account created in section 601 of this act to the
31 general fund.

32 (15) The definitions in this subsection apply throughout this
33 section unless the context clearly requires otherwise.

34 (a) "Auto transportation company" means any corporation or person
35 owning, controlling, operating, or managing any motor propelled
36 vehicle, used in the business of transporting persons for
37 compensation over public highways within the state of Washington,
38 between fixed points or over a regular route.

1 (b) "Clean alternative fuel" means electricity, dimethyl ether,
2 hydrogen, methane, natural gas, liquefied natural gas, compressed
3 natural gas, or propane.

4 (c) "Commercial vehicle" means any commercial vehicle that is
5 purchased by a private business and that is used exclusively in the
6 provision of commercial services or the transportation of
7 commodities, merchandise, produce, refuse, freight, animals, or
8 passengers, and that is displaying a Washington state license plate.
9 All commercial vehicles that provide transportation to passengers
10 must be operated by an auto transportation company.

11 (d) "Gross capitalized cost" means the agreed upon value of the
12 commercial vehicle and including any other items a person pays over
13 the lease term that are included in such cost.

14 (e) "Lease reduction factor" means the vehicle gross capitalized
15 cost less the residual value, divided by the gross capitalized cost.

16 (f) "Qualifying used commercial vehicle" means vehicles that:

17 (i) Have an odometer reading of less than four hundred fifty
18 thousand miles;

19 (ii) Are less than ten years past their original date of
20 manufacture;

21 (iii) Were modified after the initial purchase with a United
22 States environmental protection agency certified conversion that
23 would allow the propulsion units to be principally powered by a clean
24 alternative fuel; and

25 (iv) Are being sold for the first time after modification.

26 (g) "Residual value" means the lease-end value of the vehicle as
27 determined by the lessor, at the end of the lease term included in
28 the lease contract.

29 (16) Credits may be earned under this section from January 1,
30 2016, through January 1, (~~2021~~) 2050, except for credits for leased
31 vehicles, which may be earned from July 1, 2016, through January 1,
32 (~~2021~~) 2050.

33 (17) Credits earned under this section may not be used after
34 January 1, (~~2022~~) 2051.

35 (18) This section expires January 1, (~~2022~~) 2051.

36 **Sec. 503.** RCW 82.16.0496 and 2017 c 116 s 2 are each amended to
37 read as follows:

38 (1)(a) A person who is taxable under this chapter is allowed a
39 credit against the tax imposed in this chapter according to the gross

1 vehicle weight rating of the vehicle and the incremental cost of the
 2 vehicle purchased above the purchase price of a comparable
 3 conventionally fueled vehicle. The credit is limited, as set forth in
 4 the table below, to the lesser of the incremental cost amount or the
 5 maximum credit amount per vehicle purchased, and subject to a maximum
 6 annual credit amount per vehicle class.

Gross Vehicle Weight	Incremental Cost Amount	Maximum Credit Amount Per Vehicle	Maximum Annual Credit Per Vehicle Class
Up to 14,000 pounds	((50)) 75% of incremental cost	\$25,000	(((\$2,000,000)) <u>\$13,333,333</u>)
14,001 to 26,500 pounds	((50)) 75% of incremental cost	\$50,000	(((\$2,000,000)) <u>\$13,333,333</u>)
Above 26,500 pounds	((50)) 75% of incremental cost	\$100,000	(((\$2,000,000)) <u>\$13,333,333</u>)

15 (b) On September 1st of each year any unused credits from any
 16 weight class identified in the table in (a) of this subsection must
 17 be made available to applicants applying for credits under any other
 18 weight class listed.

19 (c) The credit provided in this subsection (1) is available for
 20 the lease of a vehicle. The credit amount for a leased vehicle is
 21 equal to the credit in this subsection (1) multiplied by the lease
 22 reduction factor. The person claiming the credit for a leased vehicle
 23 must be the lessee as identified in the lease contract.

24 (d) Beginning December 31, 2019, and every four years thereafter,
 25 the department must review the credits claimed, incremental costs of
 26 alternative fuel vehicles, and recommend changes to the incentive
 27 levels for each class of vehicle to the legislature in order to
 28 promote cost-efficient conversions.

29 (2) A person who is taxable under this chapter is allowed,
 30 subject to the maximum annual credit per vehicle class in subsection
 31 (1)(a) of this section, a credit against the tax imposed in this
 32 chapter for the lesser of twenty-five thousand dollars or thirty
 33 percent of the costs of converting a commercial vehicle to be
 34 principally powered by a clean alternative fuel with a United States
 35 environmental protection agency certified conversion.

36 (3) The total credits under this section may not exceed two
 37 hundred fifty thousand dollars or twenty-five vehicles per person per
 38 calendar year.

1 (4) A person may not receive credit under this section for
2 amounts claimed as credits under chapter 82.04 RCW.

3 (5) Credits are available on a first-in-time basis. The
4 department must disallow any credits, or portion thereof, that would
5 cause the total amount of credits claimed under this section, and RCW
6 82.04.4496, during any calendar year to exceed (~~six~~) forty million
7 dollars. The department must provide notification on its web site
8 monthly on the amount of credits that have been applied for, the
9 amount issued, and the amount remaining before the statewide annual
10 limit is reached. In addition, the department must provide written
11 notice to any person who has applied to claim tax credits in excess
12 of the limitation in this subsection.

13 (6) For the purposes of the limits provided in this section, a
14 credit must be counted against such limits for the calendar year in
15 which the credit is earned.

16 (7) To claim a credit under this section a person must
17 electronically file with the department all returns, forms, and any
18 other information required by the department, in an electronic format
19 as provided or approved by the department. No refunds may be granted
20 for credits under this section.

21 (8) To claim a credit under this section, the person applying
22 must:

23 (a) Complete an application for the credit which must include:

24 (i) The name, business address, and tax identification number of
25 the applicant;

26 (ii) A quote or unexecuted copy of the purchase requisition or
27 order for the vehicle;

28 (iii) The type of alternative fuel to be used by the vehicle;

29 (iv) The incremental cost of the alternative fuel system;

30 (v) The anticipated delivery date of the vehicle;

31 (vi) The estimated annual fuel use of the vehicle in the
32 anticipated duties;

33 (vii) The gross weight of each vehicle;

34 (viii) For leased vehicles, a copy of the lease contract that
35 includes the gross capitalized cost, residual value, and name of the
36 lessee; and

37 (ix) Any other information deemed necessary by the department to
38 support administration or reporting of the program.

39 (b) Within fifteen days of notice of credit availability from the
40 department, provide notice of intent to claim the credit including:

1 (i) A copy of the order for the vehicle, including the total cost
2 for the vehicle;

3 (ii) The anticipated delivery date of the vehicle, which must be
4 within one year of acceptance of the credit; and

5 (iii) Any other information deemed necessary by the department to
6 support administration or reporting of the program.

7 (c) Provide final documentation within fifteen days of receipt of
8 the vehicle, including:

9 (i) A copy of the final invoice for the vehicle;

10 (ii) A copy of the factory build sheet or equivalent
11 documentation;

12 (iii) The vehicle identification number of each vehicle;

13 (iv) The incremental cost of the alternative fuel system;

14 (v) Attestations signed by both the seller and purchaser of the
15 vehicle attesting that the incremental cost of the alternative fuel
16 system includes only the costs necessary for the vehicle to run on
17 alternative fuel and no other vehicle options, equipment, or costs;
18 and

19 (vi) Any other information deemed necessary by the department to
20 support administration or reporting of the program.

21 (9) A person applying for credit under subsection (8) of this
22 section may apply for multiple vehicles on the same application, but
23 the application must include the required information for each
24 vehicle included in the application.

25 (10) To administer the credits, the department must, at a
26 minimum:

27 (a) Provide notification on its web site monthly of the amount of
28 credits that have been applied for, claimed, and the amount remaining
29 before the statewide annual limit is reached;

30 (b) Within fifteen days of receipt of the application, notify
31 persons applying of the availability of tax credits in the year in
32 which the vehicles applied for are anticipated to be delivered;

33 (c) Within fifteen days of receipt of the notice of intent to
34 claim the tax credit, notify the applicant of the approval, denial,
35 or missing information in their notice; and

36 (d) Within fifteen days of receipt of final documentation, review
37 the documentation and notify the person applying of the acceptance of
38 their final documentation.

1 (11) If a person fails to supply the information as required in
2 subsection (8) of this section, the department must deny the
3 application.

4 (12)(a) Taxpayers are only eligible for a credit under this
5 section based on:

6 (i) Sales or leases of new commercial vehicles and qualifying
7 used commercial vehicles with propulsion units that are principally
8 powered by a clean alternative fuel; or

9 (ii) Costs to modify a commercial vehicle, including sales of
10 tangible personal property incorporated into the vehicle and labor or
11 service expenses incurred in modifying the vehicle, to be principally
12 powered by a clean alternative fuel.

13 (b) A credit is earned when the purchaser or the lessee takes
14 receipt of the qualifying commercial vehicle or the conversion is
15 complete.

16 (13) The definitions in RCW 82.04.4496 apply to this section.

17 (14) A credit earned during one calendar year may be carried over
18 to be credited against taxes incurred in the subsequent calendar
19 year, but may not be carried over a second year.

20 (15)(a) Beginning November 25, 2015, and on the 25th of February,
21 May, August, and November of each year thereafter, the department
22 must notify the state treasurer of the amount of credits taken under
23 this section as reported on returns filed with the department during
24 the preceding calendar quarter ending on the last day of December,
25 March, June, and September, respectively.

26 (b) On the last day of March, June, September, and December of
27 each year until December 31, 2021, the state treasurer, based upon
28 information provided by the department, must transfer a sum equal to
29 the dollar amount of the credit provided under this section from the
30 multimodal transportation account to the general fund. However, if at
31 any time before December 31, 2021, the cumulative amount of credits
32 claimed under this section and RCW 82.04.4496 total more than thirty-
33 three million dollars, then the state treasurer must transfer a sum
34 equal to the dollar amount of the credit provided under this section
35 from the clean energy account created in section 601 of this act to
36 the general fund.

37 (c) On the last day of March, June, September, and December of
38 each year beginning January 1, 2022, the state treasurer, based upon
39 information provided by the department, must transfer a sum equal to
40 the dollar amount of the credit provided under this section from the

1 clean energy account created in section 601 of this act to the
2 general fund.

3 (16) Credits may be earned under this section from January 1,
4 2016, through January 1, ~~((2021))~~ 2050, except for credits for leased
5 vehicles, which may be earned from July 1, 2016, through January 1,
6 ~~((2021))~~ 2050.

7 (17) Credits earned under this section may not be used after
8 January 1, ~~((2022))~~ 2051.

9 (18) This section expires January 1, ~~((2022))~~ 2051.

10 **Sec. 504.** RCW 82.08.809 and 2016 sp.s. c 32 s 2 are each amended
11 to read as follows:

12 (1)(a) Except as provided in subsection (4) of this section, the
13 tax levied by RCW 82.08.020 does not apply to sales of new or used
14 passenger cars, light duty trucks, ~~((and))~~ medium duty passenger
15 vehicles, medium duty trucks, and heavy duty trucks, which (i) are
16 exclusively powered by a clean alternative fuel or (ii) use at least
17 one method of propulsion that is capable of being reenergized by an
18 external source of electricity and are capable of traveling at least
19 thirty miles using only battery power.

20 (b) Beginning with sales made or lease agreements signed on or
21 after July 1, 2016, the exemption in this section is only applicable
22 for:

23 (i) New or used passenger cars, light duty trucks, and medium
24 duty passenger vehicles for up to thirty-two thousand dollars of a
25 vehicle's selling price or the total lease payments made plus the
26 selling price of the leased vehicle ~~((if the original lessee~~
27 ~~purchases the leased vehicle before the expiration of the exemption~~
28 ~~as described in subsection (6) of this section))~~; and

29 (ii) New or used medium and heavy duty trucks for up to one
30 hundred twenty-five thousand dollars of the vehicle's selling price
31 or the total lease payments made plus the selling price of the leased
32 vehicle.

33 (2) The seller must keep records necessary for the department to
34 verify eligibility under this section.

35 (3) As used in this section, "clean alternative fuel" means
36 natural gas, propane, hydrogen, or electricity, when used as a fuel
37 in a motor vehicle that meets the California motor vehicle emission
38 standards in Title 13 of the California code of regulations,

1 effective January 1, 2005, and the rules of the Washington state
2 department of ecology.

3 (4)(a) A sale, other than a lease, of a vehicle identified in
4 subsection (1)(a) of this section made on or after July 15, 2015, and
5 before July 1, 2016, is not exempt from sales tax as described under
6 subsection (1) of this section if the selling price of the vehicle
7 plus trade-in property of like kind exceeds thirty-five thousand
8 dollars.

9 (b) A sale, other than a lease, of a vehicle identified in
10 subsection (1)(a) of this section made on or after July 1, 2016,
11 ~~((and before the expiration of the exemption as described in~~
12 ~~subsection (6) of this section,))~~ is not exempt from sales tax as
13 described under subsection (1)(b) of this section if, at the time of
14 sale, the lowest manufacturer's suggested retail price, as determined
15 in rule by the department of licensing pursuant to chapter 34.05 RCW,
16 for the base model is more than ~~((forty-two thousand five hundred~~
17 ~~dollars))~~:

18 (i) Fifty thousand dollars for passenger cars, light duty trucks,
19 and medium duty passenger vehicles; or

20 (ii) One hundred fifty thousand dollars for medium and heavy duty
21 trucks.

22 (c) For leased vehicles for which the lease agreement was signed
23 before July 1, 2015, lease payments are exempt from sales tax as
24 described under subsection (1)(a) of this section regardless of the
25 vehicle's fair market value at the inception of the lease.

26 (d) For leased vehicles identified in subsection (1)(a) of this
27 section for which the lease agreement is signed on or after July 15,
28 2015, and before July 1, 2016, lease payments are not exempt from
29 sales tax if the fair market value of the vehicle being leased
30 exceeds thirty-five thousand dollars at the inception of the lease.
31 For the purposes of this subsection (4), "fair market value" has the
32 same meaning as "value of the article used" in RCW 82.12.010.

33 (e) For leased vehicles identified in subsection (1)(a) of this
34 section for which the lease agreement is signed on or after July 1,
35 2016, ~~((and before the expiration of the exemption as described in~~
36 ~~subsection (6) of this section,))~~ lease payments are not exempt from
37 sales tax as described under subsection (1)(b) of this section if, at
38 the inception of the lease, the lowest manufacturer's suggested
39 retail price, as determined in rule by the department of licensing

1 pursuant to chapter 34.05 RCW, for the base model is more than
2 (~~forty two thousand five hundred dollars~~):

3 (i) Fifty thousand dollars for passenger cars, light duty trucks,
4 and medium duty passenger vehicles; or

5 (ii) One hundred fifty thousand dollars for medium and heavy duty
6 trucks.

7 (f) The department of licensing must maintain and publish a list
8 of all vehicle models qualifying for the sales tax exemption under
9 this section (~~until the expiration of the exemption as described in~~
10 ~~subsection (6) of this section~~).

11 (5)(a) On the last day of January, April, July, and October of
12 each year until the department receives notice from the department of
13 licensing under subsection (6)(b) of this section that the cumulative
14 number of seven thousand five hundred qualifying vehicles has been
15 reached, the state treasurer, based upon information provided by the
16 department, must transfer from the multimodal transportation account
17 to the general fund a sum equal to the dollar amount that would
18 otherwise have been deposited into the general fund during the prior
19 calendar quarter but for the exemption provided in this section.

20 (b) Once the cumulative number of seven thousand five hundred
21 qualifying vehicles under subsection (6)(b) of this section has been
22 reached, on the last day of January, April, July, and October of each
23 year, the state treasurer, based upon information provided by the
24 department, must transfer from the clean energy account created in
25 section 601 of this act to the general fund a sum equal to the dollar
26 amount that would otherwise have been deposited into the general fund
27 during the prior calendar quarter but for the exemption provided in
28 this section.

29 (c) Information provided by the department to the state treasurer
30 must be based on the best available data, except that the department
31 may provide estimates of taxes exempted under this section until such
32 time as retailers are able to report such exempted amounts on their
33 tax returns. For purposes of this section, the first transfer for the
34 calendar quarter after July 15, 2015, must be calculated assuming
35 only those revenues that should have been deposited into the general
36 fund beginning July 1, 2015.

37 (6)(a) (~~The exemption under this section expires, effective with~~
38 ~~sales of vehicles delivered to the buyer or leased vehicles for which~~
39 ~~the lease agreement was signed, after the last day of the calendar~~
40 ~~month immediately following the month the department receives notice~~

1 from the department of licensing under subsection (7)(b) of this
2 section. All leased vehicles that qualified for the exemption before
3 the expiration of the exemption must continue to receive the
4 exemption as described under subsection (1)(b) of this section on
5 lease payments due through the remainder of the lease.

6 (b) Upon receiving notice from the department of licensing under
7 subsection (7)(b) of this section, the department must provide notice
8 as soon as is practicable on its web site of the expiration date of
9 the exemption under this section.

10 (c) For purposes of this subsection, even if the department of
11 licensing provides the department with notice under subsection (7)(b)
12 of this section before the end of the fifth working day of the month
13 notice is required, the notice is deemed to have been received by the
14 department at the end of the fifth working day of the month notice is
15 required.

16 (d) If, by the end of the fifth working day of May 2019, the
17 department has not received notice from the department of licensing
18 under subsection (7)(b) of this section, the exemption under this
19 section expires effective with sales of vehicles delivered to the
20 buyer or leased vehicles for which the lease agreement was signed
21 after June 30, 2019.

22 (e) Nothing in this subsection (6) may be construed to affect the
23 validity of any exemption properly allowed by a seller under this
24 section before the expiration of the exemption as described in (a) of
25 this subsection and reported to the department on returns filed after
26 the expiration of the exemption.

27 (f) Nothing in this subsection (6) may be construed to allow an
28 exemption under this section for the purchase of a qualifying vehicle
29 by the original lessee of the vehicle after the expiration of the
30 exemption as provided in (a) of this subsection.

31 (7)(a)) By the end of the fifth working day of each month,
32 ((until the expiration of the exemption as described in subsection
33 (6) of this section,)) the department of licensing must determine the
34 cumulative number of qualifying vehicles titled on or after July 15,
35 2015, and provide notice of the cumulative number of these vehicles
36 to the department.

37 (b) The department of licensing must notify the department once
38 the cumulative number of qualifying vehicles titled in the state on
39 or after July 15, 2015, equals or exceeds seven thousand five
40 hundred.

1 ~~((8))~~ (7) By the last day of July 2016, and every six months
2 thereafter ~~((until the expiration of the exemption as described in~~
3 ~~subsection (6) of this section,))~~ based on the best available data,
4 the department must report the following information to the
5 transportation committees of the legislature: The cumulative number
6 of qualifying vehicles titled in the state on or after July 15, 2015,
7 as reported to it by the department of licensing; and the dollar
8 amount of all state retail sales and use taxes exempted on or after
9 July 15, 2015, under this section and RCW 82.12.809.

10 ~~((9) For purposes of this section,))~~ (8) The definitions in this
11 subsection apply throughout this section unless the context clearly
12 requires otherwise.

13 (a) "Heavy duty truck" means trucks with a gross vehicle weight
14 rating by the vehicle manufacturer of eight thousand five hundred
15 pounds or more.

16 (b) "Light duty truck" means trucks with a gross vehicle weight
17 rating by the vehicle manufacturer of less than eight thousand five
18 hundred pounds.

19 (c) "Qualifying vehicle" means a vehicle qualifying for the
20 exemption under this section or RCW 82.12.809 in which the sale was
21 made or the lease agreement was signed on or after July 15, 2015.

22 (d) "Used" means a vehicle that has been driven more than the
23 limited use necessary in moving or road testing a new vehicle prior
24 to delivery to a consumer.

25 **Sec. 505.** RCW 82.08.816 and 2009 c 459 s 4 are each amended to
26 read as follows:

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

28 (a) The sale of batteries for electric vehicles when purchased
29 separately from a vehicle;

30 (b) The sale of or charge made for labor and services rendered in
31 respect to installing, repairing, altering, or improving electric
32 vehicle batteries when purchased separately from a vehicle;

33 (c) The sale of or charge made for labor and services rendered in
34 respect to installing, constructing, repairing, or improving electric
35 vehicle infrastructure; and

36 (d) The sale of tangible personal property that will become a
37 component of electric vehicle infrastructure during the course of
38 installing, constructing, repairing, or improving electric vehicle
39 infrastructure.

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

5 (3) The definitions in this subsection apply throughout this
6 section unless the context clearly requires otherwise.

7 (a) "Battery charging station" means an electrical component
8 assembly or cluster of component assemblies designed specifically to
9 charge batteries within electric vehicles, which meet or exceed any
10 standards, codes, and regulations set forth by chapter 19.28 RCW and
11 consistent with rules adopted under RCW 19.27.540.

12 (b) "Battery exchange station" means a fully automated facility
13 that will enable an electric vehicle with a swappable battery to
14 enter a drive lane and exchange the depleted battery with a fully
15 charged battery through a fully automated process, which meets or
16 exceeds any standards, codes, and regulations set forth by chapter
17 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

18 (c) "Electric vehicle infrastructure" means structures,
19 machinery, and equipment necessary and integral to support an
20 electric vehicle, including battery charging stations, rapid charging
21 stations, and battery exchange stations.

22 (d) "Rapid charging station" means an industrial grade electrical
23 outlet that allows for faster recharging of electric vehicle
24 batteries through higher power levels, which meets or exceeds any
25 standards, codes, and regulations set forth by chapter 19.28 RCW and
26 consistent with rules adopted under RCW 19.27.540.

27 (4) This section expires January 1, 2020.

28 **Sec. 506.** RCW 82.12.809 and 2016 sp.s. c 32 s 3 are each amended
29 to read as follows:

30 (1)(a) Except as provided in subsection (4) of this section, the
31 provisions of this chapter do not apply in respect to the use of new
32 or used passenger cars, light duty trucks, ~~((and))~~ medium duty
33 passenger vehicles, medium duty trucks, and heavy duty trucks, which
34 (i) are exclusively powered by a clean alternative fuel or (ii) use
35 at least one method of propulsion that is capable of being
36 reenergized by an external source of electricity and are capable of
37 traveling at least thirty miles using only battery power.

1 (b) Beginning with purchases made or lease agreements signed on
2 or after July 1, 2016, the exemption in this section is only
3 applicable for:

4 (i) New or used passenger cars, light duty trucks, and medium
5 duty passenger vehicles for up to thirty-two thousand dollars of a
6 vehicle's purchase price or the total lease payments made plus the
7 purchase price of the leased vehicle ((if the original lessee
8 purchases the leased vehicle before the expiration of the exemption
9 as described in RCW 82.08.809(6))); and

10 (ii) New or used medium and heavy duty trucks for up to one
11 hundred twenty-five thousand dollars of the vehicle's selling price
12 or the total lease payments made plus the selling price of the leased
13 vehicle.

14 (2) The definitions in RCW 82.08.809 apply to this section.

15 (3) A taxpayer is not liable for the tax imposed in RCW 82.12.020
16 on the use(~~(, on or after the expiration of the exemption as~~
17 ~~described in RCW 82.08.809(6),)~~) of a passenger car, light duty
18 truck, or medium duty passenger vehicle that is exclusively powered
19 by a clean alternative fuel or uses at least one method of propulsion
20 that is capable of being reenergized by an external source of
21 electricity and is capable of traveling at least thirty miles using
22 only battery power, if the taxpayer used such vehicle in this state
23 (~~(before the expiration of the exemption as described in RCW~~
24 ~~82.08.809(6),)~~) and the use was exempt under this section from the
25 tax imposed in RCW 82.12.020.

26 (4)(a) For vehicles identified in subsection (1)(a) of this
27 section purchased on or after July 1, 2016, (~~(and before the~~
28 ~~expiration of the exemption as described in RCW 82.08.809(6),)~~) or
29 for leased vehicles identified in subsection (1)(a) of this section
30 for which the lease agreement was signed on or after July 1, 2016,
31 (~~(and before the expiration of the exemption as described in RCW~~
32 ~~82.08.809(6),)~~) a vehicle is not exempt from use tax as described
33 under subsection (1)(b) of this section if, at the time the tax is
34 imposed for purchased vehicles or at the inception of the lease for
35 leased vehicles, the lowest manufacturer's suggested retail price, as
36 determined in rule by the department of licensing pursuant to chapter
37 34.05 RCW, for the base model is more than (~~(forty-two thousand five~~
38 ~~hundred dollars)):~~

39 (i) Fifty thousand dollars for passenger cars, light duty trucks,
40 and medium duty passenger vehicles; or

1 (ii) One hundred fifty thousand dollars for medium and heavy duty
2 trucks.

3 (b) For vehicles identified in subsection (1)(a) of this section
4 purchased on or after July 15, 2015, and before July 1, 2016, or for
5 leased vehicles identified in subsection (1)(a) of this section for
6 which the lease agreement was signed on or after July 15, 2015, and
7 before July 1, 2016, a vehicle is not exempt from use tax if the fair
8 market value of the vehicle exceeds thirty-five thousand dollars at
9 the time the tax is imposed for purchased vehicles, or at the
10 inception of the lease for leased vehicles.

11 (c) For leased vehicles for which the lease agreement was signed
12 before July 1, 2015, lease payments are exempt from use tax as
13 described under subsection (1)(a) of this section regardless of the
14 vehicle's fair market value at the inception of the lease.

15 (5)(a) On the last day of January, April, July, and October of
16 each year until the department receives notice from the department of
17 licensing under RCW 82.08.809(6)(b) that the cumulative number of
18 seven thousand five hundred qualifying vehicles has been reached, the
19 state treasurer, based upon information provided by the department,
20 must transfer from the multimodal transportation account to the
21 general fund a sum equal to the dollar amount that would otherwise
22 have been deposited into the general fund during the prior calendar
23 quarter but for the exemption provided in this section.

24 (b) Once the cumulative number of seven thousand five hundred
25 qualifying vehicles under RCW 82.08.809(6)(b) has been reached, on
26 the last day of January, April, July, and October of each year, the
27 state treasurer, based upon information provided by the department,
28 must transfer from the clean energy account created in section 601 of
29 this act to the general fund a sum equal to the dollar amount that
30 would otherwise have been deposited into the general fund during the
31 prior calendar quarter but for the exemption provided in this
32 section.

33 (c) Information provided by the department to the state treasurer
34 must be based on the best available data. For purposes of this
35 section, the first transfer for the calendar quarter after July 15,
36 2015, must be calculated assuming only those revenues that should
37 have been deposited into the general fund beginning July 1, 2015.

38 ~~((6)(a) The exemption provided under this section does not apply~~
39 ~~to the use of new passenger cars, light duty trucks, and medium duty~~
40 ~~passenger vehicles, or lease payments due on such vehicles, if the~~

1 ~~date of sale of the vehicle from the seller to the buyer occurred or~~
2 ~~the lease agreement was signed after the expiration of the exemption~~
3 ~~as provided in RCW 82.08.809(6).~~

4 ~~(b) All leased vehicles that qualified for the exemption before~~
5 ~~the expiration of the exemption must continue to receive the~~
6 ~~exemption as described under subsection (1)(b) of this section on~~
7 ~~lease payments due through the remainder of the lease.~~

8 ~~(c) Nothing in this subsection (6) may be construed to allow an~~
9 ~~exemption under this section for the purchase of a qualifying vehicle~~
10 ~~by the original lessee of the vehicle after the expiration of the~~
11 ~~exemption.))~~

12 **PART VI**

13 **Clean Energy Account**

14 NEW SECTION. **Sec. 601.** The clean energy account is created in
15 the state treasury. Moneys in the account may be spent only after
16 appropriation. Expenditures from the account may only be used for
17 alternative fuel vehicle incentives.

18 **PART VII**

19 **Emission Standards**

20 **Sec. 701.** RCW 70.120A.010 and 2010 c 76 s 1 are each amended to
21 read as follows:

22 (1) Pursuant to the federal clean air act, the legislature adopts
23 the California motor vehicle emission standards in Title 13 of the
24 California Code of Regulations, effective January 1, 2005, except as
25 provided in this chapter. The department of ecology ((shall)) must
26 adopt rules to implement the emission standards of the state of
27 California for passenger cars, light duty trucks, and medium duty
28 ((passenger)) vehicles, and shall amend the rules from time to time,
29 to maintain consistency with the California motor vehicle emission
30 standards and 42 U.S.C. Sec. 7507 (section 177 of the federal clean
31 air act). ((Notwithstanding other provisions of this chapter, the
32 department of ecology shall not adopt the zero emission vehicle
33 program regulations contained in Title 13 section 1962 of the
34 California Code of Regulations effective January 1, 2005. During rule
35 development, the department of ecology shall convene an advisory
36 group composed of industry and consumer group representatives. Any

1 ~~proposed rules or changes to rules shall be subject to review and~~
2 ~~comment by the advisory group, prior to rule adoption.))~~ The order of
3 adoption for the rules required in this section (~~shall~~) must
4 include the signature of the governor. The rules (~~shall be~~) are
5 effective only for those model years for which the state of Oregon
6 has adopted the California motor vehicle emission standards. This
7 section does not limit the department of ecology's authority to
8 regulate motor vehicle emissions for any other class of vehicle.

9 (2) Motor vehicles with a model year equal to or later than the
10 first model year for which new vehicles sold to Washington state
11 residents are required to comply with California motor vehicle
12 emission standards are exempt from emission inspections under chapter
13 70.120 RCW.

14 (3) The provisions of this chapter do not apply with respect to
15 the use by a resident of this state of a motor vehicle acquired and
16 used while the resident is a member of the armed services and is
17 stationed outside this state pursuant to military orders.

18 PART VIII

19 Miscellaneous Provisions

20 NEW SECTION. **Sec. 801.** The provisions of RCW 82.32.805(1)(a) do
21 not apply to this act.

22 NEW SECTION. **Sec. 802.** Sections 401, 402, and 601 of this act
23 constitute a new chapter in Title 70 RCW.

24 NEW SECTION. **Sec. 803.** If any provision of this act or its
25 application to any person or circumstance is held invalid, the
26 remainder of the act or the application of the provision to other
27 persons or circumstances is not affected.

28 NEW SECTION. **Sec. 804.** Sections 504 and 506 of this act are
29 necessary for the immediate preservation of the public peace, health,
30 or safety, or support of the state government and its existing public
31 institutions, and take effect immediately.

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