

# FINAL BILL REPORT

## SHB 2486

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Synopsis as Enacted

**Brief Description:** Extending the electric marine battery incentive.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Lekanoff, Fitzgibbon, Leavitt, Doglio, Ramel and Hudgins; by request of Governor Inslee).

**House Committee on Finance**  
**House Committee on Appropriations**  
**Senate Committee on Ways & Means**

**Background:**

Retail 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 tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities 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.

Vessel Electric Propulsion System Retail Sales and Use Tax Exemption.

There is a retail sales and use tax exemption for new powertrains for vessels that are powered by battery-powered electric marine propulsion systems with continuous power greater than 15 kilowatts and for new vessels equipped with a battery-powered electric marine propulsion system with continuous power greater than 15 kilowatts.

A "battery-powered electric marine propulsion system" is a fully electric outboard or inboard motor used by vessels, the sole source of propulsive power of which is the energy stored in the battery packs, including required accessories.

Sellers can make tax exempt sales only if the buyer provides the seller with an exemption certification as prescribed by the Department of Revenue.

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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.*

At the end of each quarter, the State Treasurer is required to transfer from the Multimodal Transportation Account to the State General Fund the amount that would otherwise have been deposited in the State General Fund if not for this tax exemption.

The tax exemption for vessel electric propulsion systems expires June 30, 2025.

**Summary:**

The retail sales and use tax exemption for vessel electric propulsion systems is extended to July 1, 2030.

In addition, the exemption is expanded to include the sale of:

- batteries and battery packs used to power electric marine propulsion systems or hybrid electric marine propulsion systems with a continuous power greater than fifteen kilowatts, including the labor and services rendered in respect to installing, repairing, altering, or improving batteries or battery packs; and
- new shoreside batteries purchased and installed for the purpose of reducing grid demand when charging electric and hybrid vessels, including the labor and services rendered in respect to installing, repairing, altering, or improving shoreside batteries or shoreline battery infrastructure.

"Battery" means a secondary battery or storage cell that can be charged, discharged into a load, and recharged many times, and includes one of several different combinations of electrode materials and electrolytes.

"Battery pack" is defined as a group of any number of secondary or rechargeable batteries within a casing and used as a power source for battery-powered electric marine propulsion systems.

A "hybrid electric marine propulsion system" is a propulsion system that includes two or more sources of propulsion in one design, one of which must be electric.

"Shoreside batteries" is defined as batteries installed at a dock or similar location to provide an electric charge to a vessel powered by an electric marine propulsion system.

**Votes on Final Passage:**

House	93	4	
Senate	47	2	(Senate amended)
House	96	0	(House concurred)

**Effective:** July 1, 2020