
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2042

State of Washington

66th Legislature

2019 Regular Session

By House Finance (originally sponsored by Representatives Fey, Orcutt, Slatter, Doglio, Tharinger, and Ramos)

READ FIRST TIME 04/22/19.

1 AN ACT Relating to advancing green transportation adoption;
2 amending RCW 28B.30.903, 46.17.323, 47.04.350, 80.28.---, 80.28.360,
3 82.04.4496, 82.08.816, 82.12.816, 82.16.0496, 82.29A.125, and
4 82.44.200; amending 2019 c ... (SHB 1512) s 1 (uncodified);
5 reenacting and amending RCW 43.84.092; adding new sections to chapter
6 82.08 RCW; adding new sections to chapter 82.12 RCW; adding a new
7 section to chapter 47.04 RCW; adding a new section to chapter 47.66
8 RCW; creating new sections; providing effective dates; and providing
9 expiration dates.

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

11 NEW SECTION. **Sec. 1.** The legislature finds that increasing the
12 rate of adoption of electric vehicles and vessels and other clean
13 alternative fuel vehicles will help to reduce harmful air pollution
14 from exhaust emissions, including greenhouse gas emissions, in the
15 state. The legislature also finds that an increased reliance on
16 greener transit options will help to further reduce harmful air
17 pollution from exhaust emissions. The legislature further finds that
18 support for clean alternative fuel infrastructure can help to
19 increase adoption of green transportation in the state, as noted in a
20 2015 joint transportation committee report. It is therefore the
21 legislature's intent to drive green vehicle and vessel adoption and

1 increased green transit use by: (1) Establishing and extending tax
2 incentive programs for alternative fuel vehicles and related
3 infrastructure, including for commercial vehicles; (2) providing
4 funding for a capital grant program to assist transit authorities in
5 reducing the carbon output of their fleets; (3) increasing public and
6 private electric utilities' ability to invest in electric vehicle
7 charging infrastructure; (4) establishing a technical assistance
8 program for public agencies within the Washington State University's
9 energy program; (5) funding a pilot program to test methods for
10 facilitating access to alternative fuel vehicles and alternative fuel
11 vehicle infrastructure by low-income residents of the state; (6)
12 funding a study to examine opportunities to provide financing
13 assistance to lower-income residents of the state who would like to
14 purchase an electric vehicle; and (7) establishing a tax incentive
15 program for certain electric vessels.

16 **Sec. 2.** RCW 28B.30.903 and 2010 c 37 s 1 are each amended to
17 read as follows:

18 (1) The Washington State University extension energy program
19 shall provide information, technical assistance, and consultation on
20 physical plant operation, maintenance, and construction issues to
21 state and local governments, tribal governments, and nonprofit
22 organizations through its plant operations support program. The
23 Washington State University extension energy program may not enter
24 into facilities design or construction contracts on behalf of state
25 or local government agencies, tribal governments, or nonprofit
26 organizations. The plant operations support program created in this
27 section must be funded by voluntary subscription charges, service
28 fees, and other funding acquired by or provided to Washington State
29 University for such purposes.

30 (2) Subject to the availability of amounts appropriated for this
31 specific purpose, the Washington State University extension energy
32 program shall establish and administer a technical assistance and
33 education program focused on the use of alternative fuel vehicles.
34 Education and assistance may be provided to public agencies,
35 including local governments and other state political subdivisions.

36 **Sec. 3.** RCW 46.17.323 and 2015 3rd sp.s. c 44 s 203 are each
37 amended to read as follows:

1 (1) Before accepting an application for an annual vehicle
2 registration renewal for a vehicle that both (a) uses at least one
3 method of propulsion that is capable of being reenergized by an
4 external source of electricity and (b) is capable of traveling at
5 least thirty miles using only battery power, the department, county
6 auditor or other agent, or subagent appointed by the director must
7 require the applicant to pay a one hundred dollar fee in addition to
8 any other fees and taxes required by law. The one hundred dollar fee
9 is due only at the time of annual registration renewal.

10 (2) This section only applies to a vehicle that is designed to
11 have the capability to drive at a speed of more than thirty-five
12 miles per hour.

13 (3) (a) Except as provided in (c) of this subsection, the fee
14 under this section is imposed to provide funds to mitigate the impact
15 of vehicles on state roads and highways and for the purpose of
16 evaluating the feasibility of transitioning from a revenue collection
17 system based on fuel taxes to a road user assessment system, and is
18 separate and distinct from other vehicle license fees. Except as
19 provided in (c) of this subsection, proceeds from the fee in
20 subsection (1) of this section must be used for highway purposes, and
21 must be deposited in the motor vehicle fund created in RCW 46.68.070,
22 subject to (b) of this subsection.

23 (b) Except as provided in (c) of this subsection, if in any year
24 the amount of proceeds from the fee collected under subsection (1) of
25 this section exceeds one million dollars, the excess amount over one
26 million dollars must be deposited as follows:

27 (i) Seventy percent to the motor vehicle fund created in RCW
28 46.68.070;

29 (ii) Fifteen percent to the transportation improvement account
30 created in RCW 47.26.084; and

31 (iii) Fifteen percent to the rural arterial trust account created
32 in RCW 36.79.020.

33 (c) Beginning August 1, 2019, until August 1, 2024, all proceeds
34 from the fee in subsection (1) of this section must be deposited in
35 the electric vehicle account created in RCW 82.44.200.

36 (4) (a) In addition to the fee established in subsection (1) of
37 this section, before accepting an application for an annual vehicle
38 registration renewal for a vehicle that both (i) uses at least one
39 method of propulsion that is capable of being reenergized by an
40 external source of electricity and (ii) is capable of traveling at

1 least thirty miles using only battery power, the department, county
2 auditor or other agent, or subagent appointed by the director must
3 require the applicant to pay a ~~((fifty))~~ one hundred dollar fee until
4 August 1, 2029. Beginning August 1, 2029, the additional fee
5 established in this subsection is reduced to fifty dollars.

6 (b) The fee required under (a) of this subsection must be
7 ~~((distributed as follows:~~

8 ~~(i) The first one million dollars raised by the fee must be~~
9 ~~deposited into the multimodal transportation account created in RCW~~
10 ~~47.66.070; and~~

11 ~~(ii) Any remaining amounts must be))~~ deposited into the ~~((motor~~
12 ~~vehicle fund))~~ electric vehicle account created in RCW ~~((46.68.070))~~
13 82.44.200.

14 (5) This section applies to annual vehicle registration renewals
15 until the effective date of enacted legislation that imposes a
16 vehicle miles traveled fee or tax.

17 **Sec. 4.** RCW 47.04.350 and 2015 3rd sp.s. c 44 s 403 are each
18 amended to read as follows:

19 (1) Subject to the availability of amounts appropriated for this
20 specific purpose, the department's public-private partnership office
21 must develop and maintain a ~~((pilot))~~ program to support the
22 deployment of ~~((electric))~~ clean alternative fuel vehicle charging
23 and refueling infrastructure that is supported by private financing.

24 (2) The department must define corridors in which bidders may
25 propose to install electric vehicle charging infrastructure or
26 hydrogen fueling stations, and may update these corridors over time
27 as needed. Alternatively, a bidder may propose a corridor in which
28 the bidder proposes to install electric vehicle infrastructure or
29 hydrogen fueling stations if the department has adopted rules
30 allowing such a proposal and establishing guidelines for how such a
31 proposal will be considered.

32 (3) (a) For bid proposals under this section, the department must
33 require the following:

34 (i) Bidders must have private sector partners contributing to the
35 project who stand to gain indirect value from development of the
36 project, such as motor vehicle manufacturers, retail stores, or
37 tourism stakeholders;

38 (ii) Bidders must demonstrate that the proposed project will be
39 valuable to ~~((electric))~~ clean alternative fuel vehicle drivers and

1 will address an existing gap in the state's (~~electric vehicle~~
2 ~~charging station~~) low carbon transportation infrastructure;

3 (iii) Projects must be expected to be profitable and sustainable
4 for the owner-operator and the private partner; and

5 (iv) Bidders must specify how the project captures the indirect
6 value of charging or refueling station deployment to the private
7 partner.

8 (b) The department may adopt rules that require any other
9 criteria for a successful project.

10 (4) In evaluating proposals under this section, the department
11 may use the electric vehicle financial analysis tool that was
12 developed in the joint transportation committee's study into
13 financing electric vehicle charging station infrastructure.

14 (5) (a) After selecting a successful proposer under this section,
15 the department may provide a loan or grant to the proposer.

16 (b) Grants and loans issued under this subsection must be funded
17 from the electric vehicle (~~charging infrastructure~~) account created
18 in RCW 82.44.200.

19 (c) Any project selected for support under this section is
20 eligible for only one grant or loan as a part of the (~~pilot~~)
21 program.

22 (6) The department may conduct preliminary workshops with
23 potential bidders and other potential private sector partners to
24 determine the best method of designing and maintaining the (~~pilot~~)
25 program, discuss how to develop and maintain the partnerships among
26 the private sector partners that may receive indirect value, and any
27 other issues relating to the implementation and administration of
28 this section. The department should consider regional workshops to
29 engage potential business partners from across the state.

30 (7) The department must adopt rules to implement and administer
31 this section.

32 **Sec. 5.** 2019 c ... (SHB 1512) s 1 (uncodified) is amended to
33 read as follows:

34 The legislature finds that:

35 (1) Programs for the electrification of transportation have the
36 potential to allow electric utilities to optimize the use of electric
37 grid infrastructure, improve the management of electric loads, and
38 better manage the integration of variable renewable energy resources.
39 Depending upon each utility's unique circumstances, electrification

1 of transportation programs may provide cost-effective energy
2 efficiency, through more efficient use of energy resources, and more
3 efficient use of the electric delivery system. Electrification of
4 transportation may result in cost savings and benefits for all
5 ratepayers.

6 (2) State policy can achieve the greatest return on investment in
7 reducing greenhouse gas emissions and improving air quality by
8 expediting the transition to alternative fuel vehicles, including
9 electric vehicles. Potential benefits associated with electrification
10 of transportation include the monetization of environmental
11 attributes associated with carbon reduction in the transportation
12 sector.

13 (3) Legislative clarity is important for utilities to offer
14 programs and services, including incentives, in the electrification
15 of transportation for their customers. It is the intent of the
16 legislature to allow all utilities to support transportation
17 electrification to further the state's policy goals and achieve
18 parity among all electric utilities, so each electric utility,
19 depending on its unique circumstances, can determine its appropriate
20 role in the development of electrification of transportation
21 infrastructure.

22 **Sec. 6.** RCW 80.28.--- and 2019 c ... (SHB 1512) s 4 are each
23 amended to read as follows:

24 (1) An electric utility regulated by the utilities and
25 transportation commission under this chapter may submit to the
26 commission an electrification of transportation plan that deploys
27 electric vehicle supply equipment or provides other electric
28 transportation programs, services, or incentives to support
29 electrification of transportation(~~(, provided that such electric~~
30 ~~vehicle supply equipment, programs, or services may not increase~~
31 ~~costs to customers in excess of one-quarter of one percent above the~~
32 ~~benefits of electric transportation to all customers over a period~~
33 ~~consistent with the utility's planning horizon under its most recent~~
34 ~~integrated resource plan)). The plans should align to a period
35 consistent with either the utility's planning horizon under its most
36 recent integrated resource plan or the time frame of the actions
37 contemplated in the plan, and may include:~~

38 (a) Any programs that the utility is proposing contemporaneously
39 with the plan filing or anticipates later in the plan period;

1 (b) Anticipated benefits of transportation electrification, based
2 on a forecast of electric transportation in the utilities' service
3 territory; and

4 (c) Anticipated costs of programs, subject to the restrictions in
5 RCW 80.28.360.

6 (2) In reviewing an electrification of transportation plan under
7 subsection (1) of this section, the commission may consider the
8 following: (a) The applicability of multiple options for
9 electrification of transportation across all customer classes; (b)
10 the impact of electrification on the utility's load, and whether
11 demand response or other load management opportunities, including
12 direct load control and dynamic pricing, are operationally
13 appropriate; (c) system reliability and distribution system
14 efficiencies; (d) interoperability concerns, including the
15 interoperability of hardware and software systems in electrification
16 of transportation proposals; and (e) the benefits and costs of the
17 planned actions (~~and (f) the overall customer experience~~).

18 (3) The commission must issue an acknowledgment of an
19 electrification of transportation plan within six months of the
20 submittal of the plan. The commission may establish by rule the
21 requirements for preparation and submission of an electrification of
22 transportation plan. An electric utility may submit a plan under this
23 section before or during rule-making proceedings.

24 **Sec. 7.** RCW 80.28.360 and 2019 c ... (SHB 1512) s 5 are each
25 amended to read as follows:

26 (1) In establishing rates for each electrical company regulated
27 under this title, the commission may allow an incentive rate of
28 return on investment through December 31, 2030, on capital
29 expenditures for electric vehicle supply equipment that is deployed
30 for the benefit of ratepayers, provided that the capital expenditures
31 of the utilities' programs or plans in section 6(1) of this act do
32 not increase ((costs to ratepayers)) the annual retail revenue
33 requirement of the utility, after accounting for the benefits of
34 transportation electrification in each year of the plan, in excess of
35 one-quarter of one percent. The commission must consider and may
36 adopt other policies to improve access to and promote fair
37 competition in the provision of electric vehicle supply equipment.

38 (2) An incentive rate of return on investment under this section
39 may be allowed only if the company chooses to pursue capital

1 investment in electric vehicle supply equipment on a fully regulated
2 basis similar to other capital investments behind a customer's meter.
3 In the case of an incentive rate of return on investment allowed
4 under this section, an increment of up to two percent must be added
5 to the rate of return on common equity allowed on the company's other
6 investments.

7 (3) The incentive rate of return on investment authorized in
8 subsection (2) of this section applies only to projects which have
9 been installed after July 1, 2015.

10 (4) The incentive rate of return on investment increment pursuant
11 to this section may be earned only for a period up to the depreciable
12 life of the electric vehicle supply equipment as defined in the
13 depreciation schedules developed by the company and submitted to the
14 commission for review. When the capital investment has fully
15 depreciated, an electrical company may gift the electric vehicle
16 supply equipment to the owner of the property on which it is located.

17 (5) By December 31, 2017, the commission must report to the
18 appropriate committees of the legislature with regard to the use of
19 any incentives allowed under this section, the quantifiable impacts
20 of the incentives on actual electric vehicle deployment, and any
21 recommendations to the legislature about utility participation in the
22 electric vehicle market.

23 NEW SECTION. **Sec. 8.** This section is the tax preference
24 performance statement for the tax preferences contained in sections 9
25 through 15, chapter . . . , Laws of 2019 (sections 9 through 15 of
26 this act). The performance statement is only intended to be used for
27 subsequent evaluation of the tax preference. It is not intended to
28 create a private right of action by any party or be used to determine
29 eligibility for preferential tax treatment.

30 (1) The legislature categorizes the tax preferences as ones
31 intended to induce certain designated behavior by taxpayers, as
32 indicated in RCW 82.32.808(2) (a).

33 (2) It is the legislature's specific public policy objective to
34 increase the use of clean alternative fuel vehicles in Washington. It
35 is the legislature's intent to establish and extend tax incentive
36 programs for alternative fuel vehicles and related infrastructure by:

37 (a) Reinstating the sales and use tax exemption on certain clean
38 alternative fuel vehicles in order to reduce the price charged to
39 customers for clean alternative fuel vehicles; (b) extending the

1 business and occupation and public utility tax credit for clean
 2 alternative fuel commercial vehicles and expanding it to include
 3 clean alternative fuel infrastructure; (c) extending the sales and
 4 use tax exemption for electric vehicle batteries, fuel cells, and
 5 infrastructure and expanding it to include the electric battery and
 6 fuel cell components of electric buses and zero emissions buses; and
 7 (d) extending the leasehold excise tax exemption to tenants of public
 8 lands for battery and fuel cell electric vehicle infrastructure.

9 (3) To measure the effectiveness of the tax preferences in
 10 sections 9 through 15, chapter . . ., Laws of 2019 (sections 9
 11 through 15 of this act) in achieving the public policy objectives
 12 described in subsection (2) of this section, the joint legislative
 13 audit and review committee must evaluate the number of clean
 14 alternative fuel vehicles titled in the state.

15 (4) In order to obtain the data necessary to perform the review
 16 in subsection (3) of this section, the department of licensing and
 17 the department of revenue must provide data needed for the joint
 18 legislative audit and review committee analysis. In addition to the
 19 data source described under this subsection, the joint legislative
 20 audit and review committee may use any other data it deems necessary.

21 **Sec. 9.** RCW 82.04.4496 and 2017 c 116 s 1 are each amended to
 22 read as follows:

23 (1) (a) (i) A person who is taxable under this chapter is allowed a
 24 credit against the tax imposed in this chapter according to the gross
 25 vehicle weight rating of the vehicle and the incremental cost of the
 26 vehicle purchased above the purchase price of a comparable
 27 conventionally fueled vehicle. The credit is limited, as set forth in
 28 the table below, to the lesser of the incremental cost amount or the
 29 maximum credit amount per vehicle purchased, and subject to a maximum
 30 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
14,001 to 26,500 pounds	((50%)) 75% of incremental cost	\$50,000	\$2,000,000

Above 26,500 pounds	((50%)) 75% of incremental cost	\$100,000	\$2,000,000
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(ii) A person who is taxable under this chapter is allowed a credit against the tax imposed in this chapter for up to fifty percent of the cost to purchase alternative fuel vehicle infrastructure, tangible personal property that will become a component of alternative fuel vehicle infrastructure, and installation and construction of alternative fuel vehicle infrastructure, but excluding the cost of property acquisition and site improvement related to the installation of alternative fuel vehicle infrastructure. The credit is subject to a maximum annual credit amount of two million dollars.

(b) On September 1st of each year, any unused credits from any ~~((weight class))~~ category identified in ~~((the table in))~~ (a) of this subsection must be made available to applicants applying for credits under any other ~~((weight class listed))~~ category identified in (a) of this subsection, subject to the maximum annual and total credit amounts identified in this subsection. The credit established in this section and RCW 82.16.0496 is subject to a maximum annual credit amount of six million dollars, and a maximum total credit amount of thirty-two and one-half million dollars since the credit became available on July 15, 2015.

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

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

(3) The total credits under subsection (1)(a)(i) of this section may not exceed the lesser of two hundred fifty thousand dollars or twenty-five vehicles per person per calendar year.

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

3 (5) Credits are available on a first-in-time basis.

4 (a) The department must disallow any credits, or portion thereof,
5 that would cause the total amount of credits claimed under this
6 section, and RCW 82.16.0496, during any calendar year to exceed six
7 million dollars. The department must provide notification on its web
8 site 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 (b) The department must disallow any credits, or portion thereof,
14 that would cause the total amount of credits claimed beginning July
15 15, 2015, under this section and RCW 82.16.0496 to exceed thirty-two
16 and one-half million dollars. The department must provide
17 notification on its web site monthly on the total amount of credits
18 that have been applied for, the amount issued, and the amount
19 remaining before the statewide limit is reached. In addition, the
20 department must provide written notice to any person who has applied
21 to claim tax credits in excess of the limitation in this subsection.

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

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

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

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

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

35 (ii) A quote or unexecuted copy of the purchase requisition or
36 order for the vehicle, infrastructure, infrastructure components,
37 infrastructure construction, or infrastructure installation;

38 (iii) The type of alternative fuel to be used by the vehicle or
39 supported by the infrastructure;

1 (iv) The incremental cost of the alternative fuel system for
2 vehicle credits;

3 (v) The anticipated delivery date of the vehicle, the anticipated
4 delivery date of the infrastructure or infrastructure components, the
5 anticipated construction completion date of the infrastructure, or
6 the anticipated installation completion date of the infrastructure;

7 (vi) The estimated annual fuel use of the vehicle in the
8 anticipated duties or the estimated annual fuel to be supplied by the
9 infrastructure;

10 (vii) The gross weight of each vehicle for vehicle credits;

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

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

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

18 (i) A copy of the order for the vehicle or infrastructure-related
19 item, including the total cost for the vehicle or infrastructure-
20 related item;

21 (ii) The anticipated delivery date of the vehicle or
22 infrastructure or infrastructure component, which must be within one
23 year of acceptance of the credit; ~~((and))~~

24 (iii) The anticipated construction or installation completion
25 date of the infrastructure, which must be within two years of
26 acceptance of the credit; and

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

29 (c) Provide final documentation within ~~((fifteen))~~ thirty days of
30 receipt of the vehicle or infrastructure or infrastructure components
31 or of completion of construction or installation of the
32 infrastructure, including:

33 (i) A copy of the final invoice for the vehicle or
34 infrastructure-related items;

35 (ii) A copy of the factory build sheet or equivalent
36 documentation;

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

38 (iv) The incremental cost of the alternative fuel system for
39 vehicle credits;

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

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

8 (9) A person applying for credit under subsection (8) of this
9 section may apply for multiple vehicles on the same application, but
10 the application must include the required information for each
11 vehicle included in the application. A separate application is
12 required for infrastructure-related items, but all infrastructure-
13 related items at a single location may be included in a single
14 application provided the required information for each
15 infrastructure-related item is 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)~~) and total limit are 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 or infrastructure applied for are anticipated to
24 be delivered, constructed, or installed;

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

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

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

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

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

39 (ii) Costs to modify a commercial vehicle, including sales of
40 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; or

3 (iii) Sales of alternative fuel vehicle infrastructure or
4 infrastructure components, or the cost of construction or
5 installation of alternative fuel vehicle infrastructure.

6 (b) A credit is earned when the purchaser or the lessee takes
7 receipt of the qualifying commercial vehicle or infrastructure-
8 related item, the vehicle conversion is complete, or the construction
9 or installation of the infrastructure is complete.

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

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

19 (b) On the last day of March, June, September, and December of
20 each year, the state treasurer, based upon information provided by
21 the department, must transfer a sum equal to the dollar amount of the
22 credit provided under this section from the multimodal transportation
23 account to the general fund.

24 (15) The department must conduct outreach to interested parties
25 to obtain input on how best to streamline the application process
26 required for the credit made available in this section and RCW
27 82.16.0496 to further adoption of alternative fuel technologies in
28 commercial vehicle fleets, and must incorporate the findings
29 resulting from this outreach effort into the rules and practices it
30 adopts to implement and administer this section and RCW 82.16.0496 to
31 the extent permitted under law.

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

34 (a) "Alternative fuel vehicle infrastructure" means structures,
35 machinery, and equipment necessary and integral to support a clean
36 alternative fuel vehicle.

37 (b) "Auto transportation company" means any corporation or person
38 owning, controlling, operating, or managing any motor propelled
39 vehicle, used in the business of transporting persons for
40 compensation over public highways within the state of Washington,

1 between fixed points or over a regular route. For the purposes of
2 this section, "auto transportation company" also includes the
3 following categories of providers irrespective of whether they
4 provide service between fixed points or over a regular route:
5 "Private, nonprofit transportation provider" as defined in RCW
6 81.66.010, "charter party carrier" as defined in RCW 81.70.020, and
7 paratransit service providers who primarily provide special needs
8 transportation to individuals with disabilities and the elderly.

9 ~~((b))~~ (c) "Clean alternative fuel" means electricity, dimethyl
10 ether, hydrogen, methane, natural gas, liquefied natural gas,
11 compressed natural gas, or propane.

12 ~~((e))~~ (d) "Commercial vehicle" means any commercial vehicle
13 that is purchased by a private business and that is used exclusively
14 in the provision of commercial services or the transportation of
15 commodities, merchandise, produce, refuse, freight, animals, or
16 passengers, and that is displaying a Washington state license plate.
17 All commercial vehicles that provide transportation to passengers
18 must be operated by an auto transportation company.

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

22 ~~((e))~~ (f) "Lease reduction factor" means the vehicle gross
23 capitalized cost less the residual value, divided by the gross
24 capitalized cost.

25 ~~((f))~~ (g) "Qualifying used commercial vehicle" means vehicles
26 that:

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

29 (ii) Are less than ten years past their original date of
30 manufacture;

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

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

36 ~~((g))~~ (h) "Residual value" means the lease-end value of the
37 vehicle as determined by the lessor, at the end of the lease term
38 included in the lease contract.

39 ~~((16))~~ (17) Credits may be earned under this section from
40 January 1, 2016, ~~((through January 1, 2021))~~ until the maximum total

1 credit amount in subsection (1)(b) of this section is reached, except
2 for credits for leased vehicles, which may be earned from July 1,
3 2016, (~~through January 1, 2021~~) until the maximum total credit
4 amount in subsection (1)(b) of this section is reached.

5 ~~((17) Credits earned under this section may not be used after~~
6 ~~January 1, 2022.~~

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

8 NEW SECTION. Sec. 10. A new section is added to chapter 82.08
9 RCW to read as follows:

10 (1) Beginning with sales made or lease agreements signed on or
11 after the qualification period start date:

12 (a) The tax levied by RCW 82.08.020 does not apply as provided in
13 (b) of this subsection to sales or leases of new or used passenger
14 cars, light duty trucks, and medium duty passenger vehicles that:

15 (i) Are exclusively powered by a clean alternative fuel; or

16 (ii) Use at least one method of propulsion that is capable of
17 being reenergized by an external source of electricity and are
18 capable of traveling at least thirty miles using only battery power;
19 and

20 (iii) (A) Have a vehicle selling price plus trade-in property of
21 like kind for purchased vehicles that:

22 (I) For a vehicle that is a new vehicle at the time of the
23 purchase date or the date the lease agreement was signed, does not
24 exceed forty-five thousand dollars; or

25 (II) For a vehicle that is a used vehicle at the time of the
26 purchase date or the date the lease agreement was signed, does not
27 exceed thirty thousand dollars; or

28 (B) Have a fair market value at the inception of the lease for
29 leased vehicles that:

30 (I) For a vehicle that is a new vehicle at the time of the
31 purchase date or the date the lease agreement was signed, does not
32 exceed forty-five thousand dollars; or

33 (II) For a vehicle that is a used vehicle at the time of the
34 purchase date or the date the lease agreement was signed, does not
35 exceed thirty thousand dollars;

36 (b) (i) The exemption in this section is applicable for up to the
37 amounts specified in (b) (ii) or (iii) of this subsection of:

38 (A) The total amount of the vehicle's selling price, for sales
39 made; or

1 (B) The total lease payments made plus any additional selling
2 price of the leased vehicle if the original lessee purchases the
3 leased vehicle before the qualification period end date, for lease
4 agreements signed.

5 (ii) Based on the purchase date or the date the lease agreement
6 was signed of the vehicle if the vehicle is a new vehicle at the time
7 of the purchase date or the date the lease agreement was signed:

8 (A) From the qualification period start date until July 31, 2021,
9 the maximum amount eligible under (b)(i) of this subsection is
10 thirty-two thousand dollars;

11 (B) From August 1, 2021, until July 31, 2023, the maximum amount
12 eligible under (b)(i) of this subsection is twenty-four thousand
13 dollars;

14 (C) From August 1, 2023, until July 31, 2025, the maximum amount
15 eligible under (b)(i) of this subsection is sixteen thousand dollars.

16 (iii) If the vehicle is a used vehicle at the time of the
17 purchase date or the date the lease agreement was signed, the maximum
18 amount eligible under (b)(i) of this subsection is sixteen thousand
19 dollars.

20 (2) The seller must keep records necessary for the department to
21 verify eligibility under this section. A person claiming the
22 exemption must also submit itemized information to the department for
23 all vehicles for which an exemption is claimed that must include the
24 following: Vehicle make; vehicle model; model year; whether the
25 vehicle has been sold or leased; date of sale or start date of lease;
26 length of lease; sales price for purchased vehicles and fair market
27 value at the inception of the lease for leased vehicles; and the
28 total amount qualifying for the incentive claimed for each vehicle,
29 in addition to the future monthly amount to be claimed for each
30 leased vehicle. This information must be provided in a form and
31 manner prescribed by the department.

32 (3)(a) The department of licensing must maintain and publish a
33 list of all vehicle models that meet the qualifying criteria in
34 subsection (1)(a)(i) or (ii) of this section and section 11(1)(a)(i)
35 or (ii) of this act until the expiration date of this section, and is
36 authorized to issue final rulings on vehicle model qualification for
37 these criteria. A seller is not responsible for repayment of the tax
38 exemption under this section and section 11 of this act for a vehicle
39 if the department of licensing's published list of qualifying vehicle
40 models on the purchase date or the date the lease agreement was

1 signed includes the vehicle model and the department of licensing
2 subsequently removes the vehicle model from the published list,
3 provided the vehicle meets the applicable qualifying criterion under
4 subsection (1)(a)(iii) of this section and section 11(1)(a)(iii) of
5 this act.

6 (b) The department of revenue retains responsibility for
7 determining whether a vehicle meets the applicable qualifying
8 criterion under subsection (1)(a)(iii) of this section and section
9 11(1)(a)(iii) of this act.

10 (4) On the last day of January, April, July, and October of each
11 year, the state treasurer, based upon information provided by the
12 department, must transfer from the electric vehicle account to the
13 general fund a sum equal to the dollar amount that would otherwise
14 have been deposited into the general fund during the prior calendar
15 quarter but for the exemption provided in this section. Information
16 provided by the department to the state treasurer must be based on
17 the best available data, except that the department may provide
18 estimates of taxes exempted under this section until such time as
19 retailers are able to report such exempted amounts on their tax
20 returns.

21 (5) By the last day of October 2019, and every six months
22 thereafter until this section expires, based on the best available
23 data, the department must report the following information to the
24 transportation committees of the legislature: The cumulative number
25 of vehicles that qualified for the exemption under this section and
26 section 11 of this act by month of purchase or lease start and
27 vehicle make and model; the dollar amount of all state retail sales
28 and use taxes exempted on or after the qualification period start
29 date, under this section and section 11 of this act; and estimates of
30 the future costs of leased vehicles that qualified for the exemption
31 under this section and section 11 of this act.

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

34 (a) "Clean alternative fuel" means natural gas, propane,
35 hydrogen, or electricity, when used as a fuel in a motor vehicle that
36 meets the California motor vehicle emission standards in Title 13 of
37 the California Code of Regulations, effective January 1, 2019, and
38 the rules of the Washington state department of ecology.

39 (b) "Fair market value" has the same meaning as "value of the
40 article used" in RCW 82.12.010.

1 (c) "New vehicle" has the same meaning as "new motor vehicle" in
2 RCW 46.04.358.

3 (d) "Qualification period end date" means August 1, 2025.

4 (e) "Qualification period start date" means the effective date of
5 this section.

6 (f) "Used vehicle" has the same meaning as in RCW 46.04.660.

7 (7)(a) Sales of vehicles delivered to the buyer or leased
8 vehicles for which the lease agreement was signed after the
9 qualification period end date do not qualify for the exemption under
10 this section.

11 (b) All leased vehicles that qualified for the exemption under
12 this section before the qualification period end date must continue
13 to receive the exemption as described under subsection (1)(b) of this
14 section on any lease payments due through the remainder of the lease
15 before the expiration date of this section.

16 (8) This section expires August 1, 2028.

17 NEW SECTION. **Sec. 11.** A new section is added to chapter 82.12
18 RCW to read as follows:

19 (1) Beginning with sales made or lease agreements signed on or
20 after the qualification period start date:

21 (a) The provisions of this chapter do not apply as provided in
22 (b) of this subsection in respect to the use of new or used passenger
23 cars, light duty trucks, and medium duty passenger vehicles that:

24 (i) Are exclusively powered by a clean alternative fuel; or

25 (ii) Use at least one method of propulsion that is capable of
26 being reenergized by an external source of electricity and are
27 capable of traveling at least thirty miles using only battery power;
28 and

29 (iii)(A) Have a fair market value at the time use tax is imposed
30 for purchased vehicles that:

31 (I) For a vehicle that is a new vehicle at the time of the
32 purchase date or the date the lease agreement was signed, does not
33 exceed forty-five thousand dollars; or

34 (II) For a vehicle that is a used vehicle at the time of the
35 purchase date or the date the lease agreement was signed, does not
36 exceed thirty thousand dollars; or

37 (B) Have a fair market value at the inception of the lease for
38 leased vehicles that:

1 (I) For a vehicle that is a new vehicle at the time of the
2 purchase date or the date the lease agreement was signed, does not
3 exceed forty-five thousand dollars; or

4 (II) For a vehicle that is a used vehicle at the time of the
5 purchase date or the date the lease agreement was signed, does not
6 exceed thirty thousand dollars;

7 (b) (i) The exemption in this section is only applicable for up to
8 the amounts specified in (b) (ii) or (iii) of this subsection of:

9 (A) The total amount of the vehicle's purchase price, for sales
10 made; or

11 (B) The total lease payments made plus any additional purchase
12 price of the leased vehicle if the original lessee purchases the
13 leased vehicle before the qualification period end date, for lease
14 agreements signed.

15 (ii) Based on the purchase date or the date the lease agreement
16 was signed of the vehicle if the vehicle is a new vehicle at the time
17 of the purchase date or the date the lease agreement was signed:

18 (A) From the qualification period start date until July 31, 2021,
19 the maximum amount eligible under (b) (i) of this subsection is
20 thirty-two thousand dollars;

21 (B) From August 1, 2021, until July 31, 2023, the maximum amount
22 eligible under (b) (i) of this subsection is twenty-four thousand
23 dollars;

24 (C) From August 1, 2023, until July 31, 2025, the maximum amount
25 eligible under (b) (i) of this subsection is sixteen thousand dollars.

26 (iii) If the vehicle is a used vehicle at the time of the
27 purchase date or the date the lease agreement was signed, the maximum
28 amount eligible under (b) (i) of this subsection is sixteen thousand
29 dollars.

30 (2) (a) The seller must keep records necessary for the department
31 to verify eligibility under this section, except as provided in (b)
32 of this subsection. A person claiming the exemption must also submit
33 itemized information to the department for all vehicles for which an
34 exemption is claimed that must include the following: Vehicle make;
35 vehicle model; model year; whether the vehicle has been sold or
36 leased; date of sale or start date of lease; length of lease; fair
37 market value of the vehicle; and the total amount qualifying for the
38 incentive claimed for each vehicle, in addition to the future monthly
39 amount to be claimed for each leased vehicle. This information must
40 be provided in a form and manner prescribed by the department.

1 (b) (a) of this subsection applies only if the seller or person
2 claiming the exemption is a vehicle dealer, as defined under RCW
3 46.70.011. When the seller is not a vehicle dealer, the department of
4 licensing shall establish a process for granting the tax exemption
5 under this section for use tax otherwise collected at the time the
6 ownership of a vehicle is transferred when the vehicle qualifies for
7 the use tax exemption under subsection (1)(a) of this section, and
8 must provide any information required under (a) of this subsection
9 that it obtains as part of the vehicle titling and registration
10 process for these vehicles to the department on at least a quarterly
11 basis.

12 (3) On the last day of January, April, July, and October of each
13 year, the state treasurer, based upon information provided by the
14 department, must transfer from the electric vehicle account to the
15 general fund a sum equal to the dollar amount that would otherwise
16 have been deposited into the general fund during the prior calendar
17 quarter but for the exemption provided in this section. Information
18 provided by the department to the state treasurer must be based on
19 the best available data.

20 (4) (a) Vehicles purchased or leased vehicles for which the lease
21 agreement was signed after the qualification period end date do not
22 qualify for the exemption under this section.

23 (b) All leased vehicles that qualified for the exemption under
24 this section before the qualification period end date must continue
25 to receive the exemption as described under subsection (1)(b) of this
26 section on any lease payments due through the remainder of the lease
27 before the expiration date of this section.

28 (5) The definitions in section 10 of this act apply to this
29 section.

30 (6) This section expires August 1, 2028.

31 **Sec. 12.** RCW 82.08.816 and 2009 c 459 s 4 are each amended to
32 read as follows:

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

34 (a) The sale of batteries or fuel cells for electric vehicles,
35 including batteries or fuel cells sold as a component of an electric
36 bus at the time of the vehicle's sale;

37 (b) The sale of or charge made for labor and services rendered in
38 respect to installing, repairing, altering, or improving electric
39 vehicle batteries or fuel cells;

1 (c) The sale of or charge made for labor and services rendered in
2 respect to installing, constructing, repairing, or improving battery
3 or fuel cell electric vehicle infrastructure, including hydrogen
4 fueling stations; (~~and~~)

5 (d) The sale of tangible personal property that will become a
6 component of battery or fuel cell electric vehicle infrastructure
7 during the course of installing, constructing, repairing, or
8 improving battery or fuel cell electric vehicle infrastructure; and

9 (e) The sale of zero emissions buses.

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

14 (3) On the last day of January, April, July, and October of each
15 year, 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 Information provided by the department to the state treasurer must be
21 based on the best available data, except that the department may
22 provide estimates of taxes exempted under this section until such
23 time as retailers are able to report such exempted amounts on their
24 tax returns.

25 (4) The definitions in this subsection apply throughout this
26 section unless the context clearly requires otherwise.

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

32 (b) "Battery exchange station" means a fully automated facility
33 that will enable an electric vehicle with a swappable battery to
34 enter a drive lane and exchange the depleted battery with a fully
35 charged battery through a fully automated process, which meets or
36 exceeds any standards, codes, and regulations set forth by chapter
37 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

38 (c) "Electric vehicle infrastructure" means structures,
39 machinery, and equipment necessary and integral to support (~~an~~) a
40 battery or fuel cell electric vehicle, including battery charging

1 stations, rapid charging stations, ~~((and))~~ battery exchange stations,
2 fueling stations that provide hydrogen for fuel cell electric
3 vehicles, and renewable hydrogen production facilities.

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

9 ~~((4))~~ (e) "Renewable hydrogen" means hydrogen produced using
10 renewable resources both as the source for hydrogen and the source
11 for the energy input into the production process.

12 (f) "Renewable resource" means (i) water; (ii) wind; (iii) solar
13 energy; (iv) geothermal energy; (v) renewable natural gas; (vi)
14 renewable hydrogen; (vii) wave, ocean, or tidal power; (viii)
15 biodiesel fuel that is not derived from crops raised on land cleared
16 from old growth or first growth forests; or (ix) biomass energy.

17 (g) "Zero emissions bus" means a bus that emits no exhaust gas
18 from the onboard source of power, other than water vapor.

19 (5) This section expires ~~((January))~~ August 1, ((2020)) 2029.

20 **Sec. 13.** RCW 82.12.816 and 2009 c 459 s 5 are each amended to
21 read as follows:

22 (1) The tax imposed by RCW 82.12.020 does not apply to the use
23 of:

24 (a) Electric vehicle batteries or fuel cells, including batteries
25 or fuel cells sold as a component of an electric bus at the time of
26 the vehicle's sale;

27 (b) Labor and services rendered in respect to installing,
28 repairing, altering, or improving electric vehicle batteries or fuel
29 cells; ~~((and))~~

30 (c) Tangible personal property that will become a component of
31 battery or fuel cell electric vehicle infrastructure during the
32 course of installing, constructing, repairing, or improving battery
33 or fuel cell electric vehicle infrastructure; and

34 (d) Zero emissions buses.

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

37 (a) "Battery charging station" means an electrical component
38 assembly or cluster of component assemblies designed specifically to
39 charge batteries within electric vehicles, which meet or exceed any

1 standards, codes, and regulations set forth by chapter 19.28 RCW and
2 consistent with rules adopted under RCW 19.27.540.

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

9 (c) "Electric vehicle infrastructure" means structures,
10 machinery, and equipment necessary and integral to support ~~((a))~~ a
11 battery or fuel cell electric vehicle, including battery charging
12 stations, rapid charging stations, ~~((and))~~ battery exchange stations,
13 fueling stations that provide hydrogen for fuel cell electric
14 vehicles, and renewable hydrogen production facilities.

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

20 (e) "Renewable hydrogen" means hydrogen produced using renewable
21 resources both as the source for hydrogen and the source for the
22 energy input into the production process.

23 (f) "Renewable resource" means (i) water; (ii) wind; (iii) solar
24 energy; (iv) geothermal energy; (v) renewable natural gas; (vi)
25 renewable hydrogen; (vii) wave, ocean, or tidal power; (viii)
26 biodiesel fuel that is not derived from crops raised on land cleared
27 from old growth or first growth forests; or (ix) biomass energy.

28 (g) "Zero emissions bus" means a bus that emits no exhaust gas
29 from the onboard source of power, other than water vapor.

30 (3) On the last day of January, April, July, and October of each
31 year, the state treasurer, based upon information provided by the
32 department, must transfer from the multimodal transportation account
33 to the general fund a sum equal to the dollar amount that would
34 otherwise have been deposited into the general fund during the prior
35 calendar quarter but for the exemption provided in this section.
36 Information provided by the department to the state treasurer must be
37 based on the best available data, except that the department may
38 provide estimates of taxes exempted under this section until such
39 time as retailers are able to report such exempted amounts on their
40 tax returns.

1 (4) This section expires ~~((January))~~ August 1, ((2020)) 2029.

2 **Sec. 14.** RCW 82.16.0496 and 2017 c 116 s 2 are each amended to
3 read as follows:

4 (1) (a) (i) A person who is taxable under this chapter is allowed a
5 credit against the tax imposed in this chapter according to the gross
6 vehicle weight rating of the vehicle and the incremental cost of the
7 vehicle purchased above the purchase price of a comparable
8 conventionally fueled vehicle. The credit is limited, as set forth in
9 the table below, to the lesser of the incremental cost amount or the
10 maximum credit amount per vehicle purchased, and subject to a maximum
11 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%)) <u>75%</u> of incremental cost	\$25,000	\$2,000,000
14,001 to 26,500 pounds	((50%)) <u>75%</u> of incremental cost	\$50,000	\$2,000,000
Above 26,500 pounds	((50%)) <u>75%</u> of incremental cost	\$100,000	\$2,000,000

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20 (ii) A person who is taxable under this chapter is allowed a
21 credit against the tax imposed in this chapter for up to fifty
22 percent of the cost to purchase alternative fuel vehicle
23 infrastructure, tangible personal property that will become a
24 component of alternative fuel vehicle infrastructure, and
25 installation and construction of alternative fuel vehicle
26 infrastructure, but excluding the cost of property acquisition and
27 site improvement related to the installation of alternative fuel
28 vehicle infrastructure. The credit is subject to a maximum annual
29 credit amount of two million dollars.

30 (b) On September 1st of each year, any unused credits from any
31 ~~((weight class))~~ category identified in ~~((the table in))~~ (a) of this
32 subsection must be made available to applicants applying for credits
33 under any other ~~((weight class listed))~~ category identified in (a) of
34 this subsection, subject to the maximum annual and total credit
35 amounts identified in this subsection. The credit established in this
36 section and RCW 82.04.4496 is subject to a maximum annual credit

1 amount of six million dollars, and a maximum total credit amount of
2 thirty-two and one-half million dollars beginning July 15, 2015.

3 (c) The credit provided in (a)(i) of this subsection (~~((1))~~) is
4 available for the lease of a vehicle. The credit amount for a leased
5 vehicle is equal to the credit in (a)(i) of this subsection (~~((1))~~)
6 multiplied by the lease reduction factor. The person claiming the
7 credit for a leased vehicle must be the lessee as identified in the
8 lease contract.

9 (2) A person who is taxable under this chapter is allowed,
10 subject to the maximum annual credit per (~~(vehicle class))~~ category
11 in subsection (1)(a) of this section, a credit against the tax
12 imposed in this chapter for the lesser of twenty-five thousand
13 dollars or (~~(thirty))~~ fifty percent of the costs of converting a
14 commercial vehicle to be principally powered by a clean alternative
15 fuel with a United States environmental protection agency certified
16 conversion.

17 (3) The total credits under subsection (1)(a)(i) of this section
18 may not exceed the lesser of two hundred fifty thousand dollars or
19 twenty-five vehicles per person per calendar year.

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

22 (5) Credits are available on a first-in-time basis.

23 (a) The department must disallow any credits, or portion thereof,
24 that would cause the total amount of credits claimed under this
25 section, and RCW 82.04.4496, during any calendar year to exceed six
26 million dollars. The department must provide notification on its web
27 site monthly on the amount of credits that have been applied for, the
28 amount issued, and the amount remaining before the statewide annual
29 limit is reached. In addition, the department must provide written
30 notice to any person who has applied to claim tax credits in excess
31 of the limitation in this subsection.

32 (b) The department must disallow any credits, or portion thereof,
33 that would cause the total amount of credits claimed beginning July
34 15, 2015, under this section and RCW 82.04.4496 to exceed thirty-two
35 and one-half million dollars. The department must provide
36 notification on its web site monthly on the total amount of credits
37 that have been applied for, the amount issued, and the amount
38 remaining before the statewide limit is reached. In addition, the
39 department must provide written notice to any person who has applied
40 to claim tax credits in excess of the limitation in this subsection.

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

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

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

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

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

14 (ii) A quote or unexecuted copy of the purchase requisition or
15 order for the vehicle, infrastructure, infrastructure components,
16 infrastructure construction, or infrastructure installation;

17 (iii) The type of alternative fuel to be used by the vehicle or
18 supported by the infrastructure;

19 (iv) The incremental cost of the alternative fuel system for
20 vehicle credits;

21 (v) The anticipated delivery date of the vehicle, the anticipated
22 delivery date of the infrastructure or infrastructure components, the
23 anticipated construction completion date of the infrastructure, or
24 the anticipated installation completion date of the infrastructure;

25 (vi) The estimated annual fuel use of the vehicle in the
26 anticipated duties or the estimated annual fuel to be supplied by the
27 infrastructure;

28 (vii) The gross weight of each vehicle for vehicle credits;

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

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

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

36 (i) A copy of the order for the vehicle or infrastructure-related
37 item, including the total cost for the vehicle or infrastructure-
38 related item;

1 (ii) The anticipated delivery date of the vehicle or
2 infrastructure or infrastructure component, which must be within one
3 year of acceptance of the credit; (~~and~~)

4 (iii) The anticipated construction or installation completion
5 date of the infrastructure, which must be within two years of
6 acceptance of the credit; and

7 (iv) Any other information deemed necessary by the department to
8 support administration or reporting of the program.

9 (c) Provide final documentation within (~~fifteen~~) thirty days of
10 receipt of the vehicle or infrastructure or infrastructure components
11 or of completion of construction or installation of the
12 infrastructure, including:

13 (i) A copy of the final invoice for the vehicle or
14 infrastructure-related items;

15 (ii) A copy of the factory build sheet or equivalent
16 documentation;

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

18 (iv) The incremental cost of the alternative fuel system for
19 vehicle credits;

20 (v) Attestations signed by both the seller and purchaser of the
21 vehicle attesting that the incremental cost of the alternative fuel
22 system includes only the costs necessary for the vehicle to run on
23 alternative fuel and no other vehicle options, equipment, or costs;
24 and

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

27 (9) A person applying for credit under subsection (8) of this
28 section may apply for multiple vehicles on the same application, but
29 the application must include the required information for each
30 vehicle included in the application. A separate application is
31 required for infrastructure-related items, but all infrastructure-
32 related items at a single location may be included in a single
33 application provided the required information for each
34 infrastructure-related item is included in the application.

35 (10) To administer the credits, the department must, at a
36 minimum:

37 (a) Provide notification on its web site monthly of the amount of
38 credits that have been applied for, claimed, and the amount remaining
39 before the statewide annual limit (~~is~~) and total limit are reached;

1 (b) Within fifteen days of receipt of the application, notify
2 persons applying of the availability of tax credits in the year in
3 which the vehicles or infrastructure applied for are anticipated to
4 be delivered, constructed, or installed;

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

8 (d) Within fifteen days of receipt of final documentation, review
9 the documentation and notify the person applying of the acceptance of
10 their final documentation.

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

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

16 (i) Sales or leases of new commercial vehicles and qualifying
17 used commercial vehicles with propulsion units that are principally
18 powered by a clean alternative fuel; ~~((or))~~

19 (ii) Costs to modify a commercial vehicle, including sales of
20 tangible personal property incorporated into the vehicle and labor or
21 service expenses incurred in modifying the vehicle, to be principally
22 powered by a clean alternative fuel; or

23 (iii) Sales of alternative fuel vehicle infrastructure or
24 infrastructure components, or the cost of construction or
25 installation of alternative fuel vehicle infrastructure.

26 (b) A credit is earned when the purchaser or the lessee takes
27 receipt of the qualifying commercial vehicle or infrastructure-
28 related item, the vehicle conversion is complete, or the construction
29 or installation of the infrastructure is complete.

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

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

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

1 (b) On the last day of March, June, September, and December of
2 each year, the state treasurer, based upon information provided by
3 the department, must transfer a sum equal to the dollar amount of the
4 credit provided under this section from the multimodal transportation
5 account to the general fund.

6 (16) Credits may be earned under this section from January 1,
7 2016, (~~((through January 1, 2021))~~) until the maximum total credit
8 amount in subsection (1)(b) of this section is reached, except for
9 credits for leased vehicles, which may be earned from July 1, 2016,
10 (~~((through January 1, 2021))~~) until the maximum total credit amount in
11 subsection (1)(b) of this section is reached.

12 (~~((17) Credits earned under this section may not be used after~~
13 ~~January 1, 2022.~~

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

15 **Sec. 15.** RCW 82.29A.125 and 2009 c 459 s 3 are each amended to
16 read as follows:

17 (1) Leasehold excise tax may not be imposed on leases to tenants
18 of public lands for purposes of installing, maintaining, and
19 operating electric vehicle infrastructure.

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

22 (a) "Battery charging station" means an electrical component
23 assembly or cluster of component assemblies designed specifically to
24 charge batteries within electric vehicles, which meet or exceed 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 (b) "Battery exchange station" means a fully automated facility
28 that will enable an electric vehicle with a swappable battery to
29 enter a drive lane and exchange the depleted battery with a fully
30 charged battery through a fully automated process, which meets or
31 exceeds any standards, codes, and regulations set forth by chapter
32 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

33 (c) "Electric vehicle infrastructure" means structures,
34 machinery, and equipment necessary and integral to support an
35 electric vehicle, including battery charging stations, rapid charging
36 stations, (~~and~~) battery exchange stations, fueling stations that
37 provide hydrogen for fuel cell electric vehicles, and renewable
38 hydrogen production facilities.

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

6 (e) "Renewable hydrogen" means hydrogen produced using renewable
7 resources both as the source for hydrogen and the source for energy
8 input into the production process.

9 (f) "Renewable resource" means (i) water; (ii) wind; (iii) solar
10 energy; (iv) geothermal energy; (v) renewable natural gas; (vi)
11 renewable hydrogen; (vii) wave, ocean, or tidal power; (viii)
12 biodiesel fuel that is not derived from crops raised on land cleared
13 from old growth or first growth forests; or (ix) biomass energy.

14 (3) This section expires ((January)) August 1, ((2020)) 2029.

15 **Sec. 16.** RCW 82.44.200 and 2015 3rd sp.s. c 44 s 404 are each
16 amended to read as follows:

17 The electric vehicle ((charging infrastructure)) account is
18 created in the transportation infrastructure account. Proceeds from
19 the principal and interest payments made on loans from the account
20 must be deposited into the account. Expenditures from the account may
21 be used only for the purposes specified in RCW 47.04.350 and sections
22 10 and 11 of this act. Moneys in the account may be spent only after
23 appropriation.

24 NEW SECTION. **Sec. 17.** A new section is added to chapter 47.04
25 RCW to read as follows:

26 (1) Subject to the availability of amounts appropriated for this
27 specific purpose, the department's public-private partnership office
28 must develop a pilot program to support clean alternative fuel car
29 sharing programs to provide clean alternative fuel vehicle use
30 opportunities to underserved communities and low to moderate income
31 members of the workforce not readily served by transit or located in
32 transportation corridors with emissions that exceed federal or state
33 emissions standards. Nonprofit organizations or local governments,
34 including housing authorities, with a demonstrated history of
35 managing or implementing low-income transportation clean alternative
36 fuel and shared mobility pilot programs are eligible to participate
37 in this program.

1 (2) The department must determine specific eligibility criteria,
2 based on the requirements of this section, the report submitted to
3 the legislature by the Puget Sound clean air agency entitled
4 facilitating low-income utilization of electric vehicles, and other
5 factors relevant to increasing clean alternative fuel vehicle use in
6 underserved and low to moderate income communities. The department
7 may adopt rules specifying the eligibility criteria it selects.

8 (3) The department may conduct preliminary workshops with
9 potential bidders and other potential partners to determine the best
10 method of designing the pilot program.

11 (4) The department must include the following elements in its
12 proposal evaluation and scoring methodology: History of successful
13 management of equity focused clean alternative fuel vehicle projects;
14 substantial level of involvement from community-based, equity focused
15 organizations in the project; plan for long-term financial
16 sustainability of the work beyond the duration of the grant period;
17 matching resources leveraged for the project; and geographical
18 diversity of the projects selected.

19 (5) After selecting successful proposals under this section, the
20 department may provide grant funding to them. The total grant amount
21 available per project may range from fifty thousand to two hundred
22 thousand dollars. The grant opportunity must include possible funding
23 of vehicles, charging or refueling station infrastructure, staff
24 time, and any other expenses required to implement the project. No
25 more than ten percent of grant funds may be used for administrative
26 expenses.

27 (6) (a) Any property acquired with state grant funding under this
28 section by nongovernmental participants must be used solely for
29 program purposes and, if sold, the proceeds of the sale must be used
30 solely for program purposes.

31 (b) At the termination of a program for providing alternative
32 fuel car sharing services, the state must be reimbursed for any
33 property acquired with state grant funding under this section that
34 nongovernmental participants in the program retain at the time of
35 program termination. The amount of reimbursement may under no
36 circumstances be less than the fair market value of the property at
37 the time of the termination of the program.

38 NEW SECTION. **Sec. 18.** (1) Subject to the availability of
39 amounts appropriated for this specific purpose, the department of

1 commerce must conduct a study to identify opportunities to reduce
2 barriers to battery and fuel cell electric vehicle adoption by lower
3 income residents of the state through the use of vehicle and
4 infrastructure financing assistance. The study must include an
5 assessment of opportunities to work with nonprofit lenders to
6 facilitate vehicle purchases through the use of loan-loss reserves
7 and rate buy downs by qualified borrowers purchasing battery and fuel
8 cell electric vehicles that are eligible for the tax exemptions under
9 sections 10 and 11 of this act, and may address additional financing
10 assistance opportunities identified. The study must focus on
11 potential borrowers who are at or below eighty percent of the state
12 median household income. The study may also address any additional
13 opportunities identified to increase electric vehicle adoption by
14 lower income residents of the state.

15 (2) The department of commerce must provide a report detailing
16 the findings of this study to the transportation committees of the
17 legislature by June 30, 2020, and may contract with a consultant on
18 all or a portion of the study.

19 NEW SECTION. **Sec. 19.** A new section is added to chapter 47.66
20 RCW to read as follows:

21 (1)(a) Subject to the availability of amounts appropriated for
22 this specific purpose, the department's public transportation
23 division shall establish a green transportation capital grant
24 program. The purpose of the grant program is to aid any transit
25 authority in funding cost-effective capital projects to reduce the
26 carbon intensity of the Washington transportation system, examples of
27 which include: Electrification of vehicle fleets, including battery
28 and fuel cell electric vehicles; modification or replacement of
29 capital facilities in order to facilitate fleet electrification
30 and/or hydrogen refueling; necessary upgrades to electrical
31 transmission and distribution systems; and construction of charging
32 and fueling stations. The department's public transportation division
33 shall identify projects and shall submit a prioritized list of all
34 projects requesting funding to the legislature by December 1st of
35 each even-numbered year.

36 (b) The department's public transportation division shall select
37 projects based on a competitive process that considers the following
38 criteria:

1 (i) The cost-effectiveness of the reductions in carbon emissions
2 provided by the project; and

3 (ii) The benefit provided to transitioning the entire state to a
4 transportation system with lower carbon intensity.

5 (2) The department's public transportation division must
6 establish an advisory committee to assist in identifying projects
7 under subsection (1) of this section. The advisory committee must
8 include representatives from the department of ecology, the
9 department of commerce, the utilities and transportation commission,
10 and at least one transit authority.

11 (3) In order to receive green transportation capital grant
12 program funding for a project, a transit authority must provide
13 matching funding for that project that is at least equal to twenty
14 percent of the total cost of the project.

15 (4) The department's public transportation division must report
16 annually to the transportation committees of the legislature on the
17 status of any grant projects funded by the program created under this
18 section.

19 (5) For purposes of this section, "transit authority" means a
20 city transit system under RCW 35.58.2721 or chapter 35.95A RCW, a
21 county public transportation authority under chapter 36.57 RCW, a
22 metropolitan municipal corporation transit system under chapter 36.56
23 RCW, a public transportation benefit area under chapter 36.57A RCW,
24 an unincorporated transportation benefit area under RCW 36.57.100, a
25 regional transit authority under chapter 81.112 RCW, or any special
26 purpose district formed to operate a public transportation system.

27 **Sec. 20.** RCW 43.84.092 and 2018 c 287 s 7, 2018 c 275 s 10, and
28 2018 c 203 s 14 are each reenacted and amended to read as follows:

29 (1) All earnings of investments of surplus balances in the state
30 treasury shall be deposited to the treasury income account, which
31 account is hereby established in the state treasury.

32 (2) The treasury income account shall be utilized to pay or
33 receive funds associated with federal programs as required by the
34 federal cash management improvement act of 1990. The treasury income
35 account is subject in all respects to chapter 43.88 RCW, but no
36 appropriation is required for refunds or allocations of interest
37 earnings required by the cash management improvement act. Refunds of
38 interest to the federal treasury required under the cash management
39 improvement act fall under RCW 43.88.180 and shall not require

1 appropriation. The office of financial management shall determine the
2 amounts due to or from the federal government pursuant to the cash
3 management improvement act. The office of financial management may
4 direct transfers of funds between accounts as deemed necessary to
5 implement the provisions of the cash management improvement act, and
6 this subsection. Refunds or allocations shall occur prior to the
7 distributions of earnings set forth in subsection (4) of this
8 section.

9 (3) Except for the provisions of RCW 43.84.160, the treasury
10 income account may be utilized for the payment of purchased banking
11 services on behalf of treasury funds including, but not limited to,
12 depository, safekeeping, and disbursement functions for the state
13 treasury and affected state agencies. The treasury income account is
14 subject in all respects to chapter 43.88 RCW, but no appropriation is
15 required for payments to financial institutions. Payments shall occur
16 prior to distribution of earnings set forth in subsection (4) of this
17 section.

18 (4) Monthly, the state treasurer shall distribute the earnings
19 credited to the treasury income account. The state treasurer shall
20 credit the general fund with all the earnings credited to the
21 treasury income account except:

22 (a) The following accounts and funds shall receive their
23 proportionate share of earnings based upon each account's and fund's
24 average daily balance for the period: The abandoned recreational
25 vehicle disposal account, the aeronautics account, the aircraft
26 search and rescue account, the Alaskan Way viaduct replacement
27 project account, the brownfield redevelopment trust fund account, the
28 budget stabilization account, the capital vessel replacement account,
29 the capitol building construction account, the Cedar River channel
30 construction and operation account, the Central Washington University
31 capital projects account, the charitable, educational, penal and
32 reformatory institutions account, the Chehalis basin account, the
33 cleanup settlement account, the Columbia river basin water supply
34 development account, the Columbia river basin taxable bond water
35 supply development account, the Columbia river basin water supply
36 revenue recovery account, the common school construction fund, the
37 community forest trust account, the connecting Washington account,
38 the county arterial preservation account, the county criminal justice
39 assistance account, the deferred compensation administrative account,
40 the deferred compensation principal account, the department of

1 licensing services account, the department of licensing tuition
2 recovery trust fund, the department of retirement systems expense
3 account, the developmental disabilities community trust account, the
4 diesel idle reduction account, the drinking water assistance account,
5 the drinking water assistance administrative account, the early
6 learning facilities development account, the early learning
7 facilities revolving account, the Eastern Washington University
8 capital projects account, the Interstate 405 express toll lanes
9 operations account, the education construction fund, the education
10 legacy trust account, the election account, the electric vehicle
11 (~~charging infrastructure~~) account, the energy freedom account, the
12 energy recovery act account, the essential rail assistance account,
13 The Evergreen State College capital projects account, the federal
14 forest revolving account, the ferry bond retirement fund, the freight
15 mobility investment account, the freight mobility multimodal account,
16 the grade crossing protective fund, the public health services
17 account, the high capacity transportation account, the state higher
18 education construction account, the higher education construction
19 account, the highway bond retirement fund, the highway infrastructure
20 account, the highway safety fund, the high occupancy toll lanes
21 operations account, the hospital safety net assessment fund, the
22 industrial insurance premium refund account, the judges' retirement
23 account, the judicial retirement administrative account, the judicial
24 retirement principal account, the local leasehold excise tax account,
25 the local real estate excise tax account, the local sales and use tax
26 account, the marine resources stewardship trust account, the medical
27 aid account, the mobile home park relocation fund, the money-purchase
28 retirement savings administrative account, the money-purchase
29 retirement savings principal account, the motor vehicle fund, the
30 motorcycle safety education account, the multimodal transportation
31 account, the multiuse roadway safety account, the municipal criminal
32 justice assistance account, the natural resources deposit account,
33 the oyster reserve land account, the pension funding stabilization
34 account, the perpetual surveillance and maintenance account, the
35 pollution liability insurance agency underground storage tank
36 revolving account, the public employees' retirement system plan 1
37 account, the public employees' retirement system combined plan 2 and
38 plan 3 account, the public facilities construction loan revolving
39 account beginning July 1, 2004, the public health supplemental
40 account, the public works assistance account, the Puget Sound capital

1 construction account, the Puget Sound ferry operations account, the
2 Puget Sound taxpayer accountability account, the real estate
3 appraiser commission account, the recreational vehicle account, the
4 regional mobility grant program account, the resource management cost
5 account, the rural arterial trust account, the rural mobility grant
6 program account, the rural Washington loan fund, the sexual assault
7 prevention and response account, the site closure account, the
8 skilled nursing facility safety net trust fund, the small city
9 pavement and sidewalk account, the special category C account, the
10 special wildlife account, the state employees' insurance account, the
11 state employees' insurance reserve account, the state investment
12 board expense account, the state investment board commingled trust
13 fund accounts, the state patrol highway account, the state route
14 number 520 civil penalties account, the state route number 520
15 corridor account, the state wildlife account, the statewide tourism
16 marketing account, the student achievement council tuition recovery
17 trust fund, the supplemental pension account, the Tacoma Narrows toll
18 bridge account, the teachers' retirement system plan 1 account, the
19 teachers' retirement system combined plan 2 and plan 3 account, the
20 tobacco prevention and control account, the tobacco settlement
21 account, the toll facility bond retirement account, the
22 transportation 2003 account (nickel account), the transportation
23 equipment fund, the transportation future funding program account,
24 the transportation improvement account, the transportation
25 improvement board bond retirement account, the transportation
26 infrastructure account, the transportation partnership account, the
27 traumatic brain injury account, the tuition recovery trust fund, the
28 University of Washington bond retirement fund, the University of
29 Washington building account, the volunteer firefighters' and reserve
30 officers' relief and pension principal fund, the volunteer
31 firefighters' and reserve officers' administrative fund, the
32 Washington judicial retirement system account, the Washington law
33 enforcement officers' and firefighters' system plan 1 retirement
34 account, the Washington law enforcement officers' and firefighters'
35 system plan 2 retirement account, the Washington public safety
36 employees' plan 2 retirement account, the Washington school
37 employees' retirement system combined plan 2 and 3 account, the
38 Washington state health insurance pool account, the Washington state
39 patrol retirement account, the Washington State University building
40 account, the Washington State University bond retirement fund, the

1 water pollution control revolving administration account, the water
2 pollution control revolving fund, the Western Washington University
3 capital projects account, the Yakima integrated plan implementation
4 account, the Yakima integrated plan implementation revenue recovery
5 account, and the Yakima integrated plan implementation taxable bond
6 account. Earnings derived from investing balances of the agricultural
7 permanent fund, the normal school permanent fund, the permanent
8 common school fund, the scientific permanent fund, the state
9 university permanent fund, and the state reclamation revolving
10 account shall be allocated to their respective beneficiary accounts.

11 (b) Any state agency that has independent authority over accounts
12 or funds not statutorily required to be held in the state treasury
13 that deposits funds into a fund or account in the state treasury
14 pursuant to an agreement with the office of the state treasurer shall
15 receive its proportionate share of earnings based upon each account's
16 or fund's average daily balance for the period.

17 (5) In conformance with Article II, section 37 of the state
18 Constitution, no treasury accounts or funds shall be allocated
19 earnings without the specific affirmative directive of this section.

20 NEW SECTION. **Sec. 21.** This section is the tax preference
21 performance statement for the tax preferences contained in sections
22 22 and 23, chapter . . ., Laws of 2019 (sections 22 and 23 of this
23 act). The performance statement is only intended to be used for
24 subsequent evaluation of the tax preference. It is not intended to
25 create a private right of action by any party or be used to determine
26 eligibility for preferential tax treatment.

27 (1) The legislature categorizes the tax preferences as ones
28 intended to induce certain designated behavior by taxpayers, as
29 indicated in RCW 82.32.808(2)(a).

30 (2) It is the legislature's specific public policy objective to
31 increase the use of electric vessels in Washington. It is the
32 legislature's intent to establish a sales and use tax exemption on
33 certain electric vessels in order to reduce the price charged to
34 customers for electric vessels.

35 (3) To measure the effectiveness of the tax preferences in
36 sections 22 and 23, chapter . . ., Laws of 2019 (sections 22 and 23
37 of this act) in achieving the public policy objectives described in
38 subsection (2) of this section, the joint legislative audit and

1 review committee must evaluate the number of electric vessels titled
2 in the state.

3 (4) In order to obtain the data necessary to perform the review
4 in subsection (3) of this section, the department of licensing and
5 the department of revenue must provide data needed for the joint
6 legislative audit and review committee analysis. In addition to the
7 data source described under this subsection, the joint legislative
8 audit and review committee may use any other data it deems necessary.

9 NEW SECTION. **Sec. 22.** A new section is added to chapter 82.08
10 RCW to read as follows:

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

12 (a) The sale of new battery-powered electric marine propulsion
13 systems with continuous power greater than fifteen kilowatts.

14 (b) The sale of new vessels equipped with propulsion systems that
15 qualify under (a) of this subsection.

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

20 (3) On the last day of January, April, July, and October of each
21 year, the state treasurer, based upon information provided by the
22 department, must transfer from the multimodal transportation account
23 to the general fund a sum equal to the dollar amount that would
24 otherwise have been deposited into the general fund during the prior
25 calendar quarter but for the exemption provided in this section.
26 Information provided by the department to the state treasurer must be
27 based on the best available data, except that the department may
28 provide estimates of taxes exempted under this section until such
29 time as retailers are able to report such exempted amounts on their
30 tax returns.

31 (4) For the purposes of this section:

32 (a) A "battery-powered electric marine propulsion system" is a
33 fully electric outboard or inboard motor used by vessels, the sole
34 source of propulsive power of which is the energy stored in the
35 battery packs. It includes required accessories, such as throttles/
36 displays and battery packs.

37 (b) "Vessel" includes every watercraft, other than a seaplane,
38 used or capable of being used as a means of transportation on the
39 water.

1 (5) This section expires August 1, 2029.

2 NEW SECTION. **Sec. 23.** A new section is added to chapter 82.12
3 RCW to read as follows:

4 (1) The tax imposed by RCW 82.12.020 does not apply to the use
5 of:

6 (a) New battery-powered electric marine propulsion systems with
7 continuous power greater than fifteen kilowatts; and

8 (b) New vessels equipped with propulsion systems that qualify
9 under (a) of this subsection.

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

14 (3) On the last day of January, April, July, and October of each
15 year, 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 Information provided by the department to the state treasurer must be
21 based on the best available data, except that the department may
22 provide estimates of taxes exempted under this section until such
23 time as retailers are able to report such exempted amounts on their
24 tax returns.

25 (4) For the purposes of this section, "battery-powered electric
26 marine propulsion system" and "vessel" have the same meanings as in
27 section 23 of this act.

28 (5) This section expires August 1, 2029.

29 NEW SECTION. **Sec. 24.** Sections 1 through 8, 10 through 13, and
30 15 through 23 of this act take effect August 1, 2019.

31 NEW SECTION. **Sec. 25.** Sections 9 and 14 of this act take effect
32 January 1, 2020.

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