
SUBSTITUTE HOUSE BILL 2486

State of Washington

66th Legislature

2020 Regular Session

By House Finance (originally sponsored by Representatives Lekanoff, Fitzgibbon, Leavitt, Doglio, Ramel, and Hudgins; by request of Governor Inslee)

READ FIRST TIME 02/10/20.

1 AN ACT Relating to extending the electric marine battery
2 incentive; amending RCW 82.08.996 and 82.12.996; amending 2019 c 287
3 s 20 (uncodified); providing an effective date; and providing
4 expiration dates.

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

6 **Sec. 1.** RCW 82.08.996 and 2019 c 287 s 21 are each amended to
7 read as follows:

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

9 (a) The sale of new battery-powered electric marine propulsion
10 systems with continuous power greater than fifteen kilowatts((-));

11 (b) The sale of new vessels equipped with propulsion systems that
12 qualify under (a) of this subsection((-));

13 (c) The sale of batteries and battery packs used to exclusively
14 power electric marine propulsion systems with a continuous power
15 greater than fifteen kilowatts;

16 (d)(i) The sale of new shoreside batteries purchased and
17 installed for the purpose of reducing grid demand when charging
18 electric and hybrid vessels;

19 (ii) The sale of or charge made for labor and services rendered
20 in respect to installing, repairing, altering, or improving shoreside
21 batteries;

1 (iii) The sale of or charge made for labor and services rendered
2 in respect to installing, constructing, repairing, or improving
3 shoreside batteries infrastructure; and

4 (iv) The sale of tangible personal property that will become a
5 component of shoreside batteries infrastructure.

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

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

21 ~~(4))~~ For the purposes of this section:

22 (a) "Battery" means a secondary battery or storage cell that can
23 be charged, discharged into a load, and recharged many times; and
24 includes one of several different combinations of electrode materials
25 and electrolytes;

26 (b) "Battery pack" means a group of any number of secondary or
27 rechargeable batteries within a casing and used as a power source for
28 battery-powered electric marine propulsion systems;

29 (c) "Battery-powered electric marine propulsion system" means a
30 fully electric or hybrid electric outboard or inboard motor used by
31 vessels, ((the sole)) a major source of propulsive power of which is
32 the energy stored in the battery packs. The term includes required
33 accessories, such as throttles, displays, and battery packs; ((and

34 ~~(b-))~~ (d) "Shoreside batteries" means batteries installed at a
35 dock or similar location to provide an electric charge to a vessel
36 powered by an electric marine propulsion system;

37 (e) "Shoreside batteries infrastructure" means the shoreside
38 battery bank, charging apparatus, and emergency services generator;
39 and

1 (f) "Vessel" includes every watercraft, other than a seaplane,
2 used or capable of being used as a means of transportation on the
3 water.

4 ~~((5))~~ (4) This section expires July 1, ~~((2025))~~ 2035.

5 **Sec. 2.** RCW 82.12.996 and 2019 c 287 s 22 are each amended to
6 read as follows:

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

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

11 (b) New vessels equipped with propulsion systems that qualify
12 under (a) of this subsection;

13 (c) Batteries and battery packs used to exclusively power
14 electric marine propulsion systems with a continuous power greater
15 than fifteen kilowatts; and

16 (d) (i) New shoreside batteries purchased and installed for the
17 purpose of reducing grid demand when charging electric and hybrid
18 vessels; and

19 (ii) Tangible personal property that will become a component of
20 shoreside batteries infrastructure.

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

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

36 ~~(4))~~ For the purposes of this section, "battery-powered electric
37 marine propulsion system" and "vessel" have the same meanings as
38 provided in ~~((section 22 of this act))~~ RCW 82.08.996.

39 ~~((5))~~ (4) This section expires July 1, ~~((2025))~~ 2035.

1 **Sec. 3.** 2019 c 287 s 20 (uncodified) is amended to read as
2 follows:

3 This section is the tax preference performance statement for the
4 tax preferences contained in sections 1 and 2, chapter . . ., Laws of
5 2020 (sections 1 and 2 of this act) and sections 21 and 22, chapter
6 287, Laws of 2019. The performance statement is only intended to be
7 used for subsequent evaluation of the tax preference. It is not
8 intended to create a private right of action by any party or be used
9 to determine eligibility for preferential tax treatment.

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

13 (2) It is the legislature's specific public policy objective to
14 increase the use of electric vessels in Washington. It is the
15 legislature's intent to establish a sales and use tax exemption on
16 certain electric vessels in order to reduce the price charged to
17 customers for electric vessels and to create and retain jobs
18 associated with electric marine battery manufacturing and the
19 construction of new electric ferries in Washington.

20 (3) To measure the effectiveness of the tax preferences in
21 sections 1 and 2, chapter . . ., Laws of 2020 (sections 1 and 2 of
22 this act) and sections 21 and 22, chapter 287, Laws of 2019 in
23 achieving the public policy objectives described in subsection (2) of
24 this section, the joint legislative audit and review committee must
25 evaluate the number of electric vessels titled in the state.

26 (4) If a review finds that jobs in Washington associated with
27 electric marine battery manufacturing and the construction of new
28 electric ferries using electric battery power are created and
29 retained, then the legislature intends to extend the expiration date
30 of these tax preferences.

31 (5) In order to obtain the data necessary to perform the reviews
32 in subsections (3) and (4) of this section, the department of
33 licensing and the department of revenue must provide data needed for
34 the joint legislative audit and review committee analysis. In
35 addition to the data source described under this subsection, the
36 joint legislative audit and review committee may use any other data
37 it deems necessary.

1 NEW SECTION. **Sec. 4.** This act takes effect July 1, 2020.

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