

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2486

66th Legislature
2020 Regular Session

Passed by the House March 12, 2020
Yeas 96 Nays 0

**Speaker of the House of
Representatives**

Passed by the Senate March 12, 2020
Yeas 47 Nays 2

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2486** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 2486

AS AMENDED BY THE SENATE

Passed Legislature - 2020 Regular Session

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)(i) The sale of batteries and battery packs used to
14 exclusively power electric marine propulsion systems or hybrid
15 electric marine propulsion systems, if such systems operate with a
16 continuous power greater than fifteen kilowatts;

17 (ii) The sale of or charge made for labor and services rendered
18 in respect to installing, repairing, altering, or improving batteries
19 or battery packs that qualify under (c)(i) of this subsection;

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

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

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

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

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

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

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

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

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

36 (c) "Battery-powered electric marine propulsion system" means a
37 fully electric outboard or inboard motor used by vessels, the sole
38 source of propulsive power of which is the energy stored in the
39 battery packs. The term includes required accessories, such as
40 throttles, displays, and battery packs; ((and

1 ~~(b))~~ (d) "Hybrid electric marine propulsion system" means a
2 propulsion system that includes two or more sources of propulsion in
3 one design, one of which must be electric;

4 (e) "Shoreside batteries" means batteries installed at a dock or
5 similar location to provide an electric charge to a vessel powered by
6 an electric marine propulsion system;

7 (f) "Shoreside batteries infrastructure" means the shoreside
8 battery bank, charging apparatus, and emergency services generator;
9 and

10 (g) "Vessel" includes every watercraft, other than a seaplane,
11 used or capable of being used as a means of transportation on the
12 water.

13 ~~((5))~~ (4) This section expires July 1, ~~((2025))~~ 2030.

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

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

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

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

22 (c)(i) Batteries and battery packs used to exclusively power
23 electric marine propulsion systems or hybrid electric marine
24 propulsion systems, if such systems operate with a continuous power
25 greater than fifteen kilowatts;

26 (ii) Labor and services rendered in respect to installing,
27 repairing, altering, or improving batteries or battery packs that
28 qualify under (c)(i) of this subsection; and

29 (d)(i) New shoreside batteries purchased and installed for the
30 purpose of reducing grid demand when charging electric and hybrid
31 vessels;

32 (ii) Labor and services rendered in respect to installing,
33 altering, or improving shoreside batteries; and

34 (iii) Tangible personal property that will become a component of
35 shoreside batteries infrastructure.

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

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

12 ~~(4) For the purposes of this section, "battery-powered electric~~
13 ~~marine propulsion system" and "vessel" have the same meanings as~~
14 ~~provided in section 22 of this act)) The definitions in RCW 82.08.996~~
15 ~~apply to this section.~~

16 ~~((5))~~ (4) This section expires July 1, ~~((2025))~~ 2030.

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

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

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

29 (2) It is the legislature's specific public policy objective to
30 increase the use of electric vessels in Washington. It is the
31 legislature's intent to establish a sales and use tax exemption on
32 certain electric vessels in order to reduce the price charged to
33 customers for electric vessels and to create and retain jobs
34 associated with electric marine battery manufacturing and the
35 construction of new electric ferries in Washington.

36 (3) To measure the effectiveness of the tax preferences in
37 sections 1 and 2, chapter . . ., Laws of 2020 (sections 1 and 2 of
38 this act) and sections 21 and 22, chapter 287, Laws of 2019 in
39 achieving the public policy objectives described in subsection (2) of

1 this section, the joint legislative audit and review committee must
2 evaluate the number of electric vessels titled in the state.

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

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

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

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