
**State Government & Tribal Relations
Committee**

HB 1918

Brief Description: Reducing emissions from outdoor power equipment.

Sponsors: Representatives Macri, Valdez, Berry, Ryu, Simmons, Peterson, Goodman, Ramel, Kloba, Bateman, Harris-Talley and Pollet.

Brief Summary of Bill

- Establishes an additional 6.5 percent tax on the sale or use of outdoor power equipment that is not zero-emission and that is powered by a small engine, lasting through 2032.
- Exempts zero-emission outdoor power equipment from state and local sales and use taxes, and includes a tax preference performance statement.
- Prohibits state agencies and local governments from purchasing outdoor power equipment that is not zero-emission outdoor power equipment, beginning in 2025.

Hearing Date: 1/20/22

Staff: Jason Zolle (786-7124).

Background:

Sales and Use Taxes.

The state of Washington levies a 6.5 percent sales tax on each retail sale of tangible personal property, services, digital good and services, and certain other specified goods and services, subject to a number of exemptions and exceptions.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

For items purchased in other states with a lower sales tax rate than Washington, or items purchased from sellers who are not authorized to collect a sales tax, the user of the item must pay a use tax to the state equal to 6.5 percent.

The governing body of a city or county is authorized to impose an additional local sales or use tax on any occurrence that is taxable by the state. This necessarily means that any sale or use that is exempt from the state sales tax is also exempt from any local sales or use taxes.

Tax Preference Evaluation.

Every bill that enacts a new tax credit or exemption must include a tax preference performance statement. The statement must describe the purpose of the tax credit or exemption, including an indication as to whether the credit or exemption is intended to:

- induce certain behavior by taxpayers;
- improve industry competitiveness;
- create or retain jobs;
- reduce structural inefficiencies in the tax structure;
- provide tax relief for certain businesses or individuals; or
- achieve another general purpose.

The Joint Legislative Audit & Review Committee (JLARC) is tasked with reviewing tax preferences to evaluate the impacts of the tax preference and to assess whether the preference is achieving the Legislature's stated intent.

Summary of Bill:

Definitions.

Outdoor power equipment is defined as equipment designed or marketed for use in an outdoor setting in the management of vegetation, landscaped outdoor spaces, or built spaces. Examples include leaf blowers, wood chippers, and snow blowers.

Zero-emission equipment is defined as equipment that is powered by a source that does not produce exhaust gas other than water. Examples include equipment powered by batteries or through a plugged-in electric cord.

State Sales and Use Taxes.

An additional 6.5 percent state tax is levied on outdoor power equipment that is:

- not zero-emission outdoor power equipment; and
- powered by an engine that is less than 25 horsepower at or below 19 kilowatts or is designed to produce less than 25 horsepower.

The sale of zero-emission outdoor power equipment is exempt from the 6.5 percent state sales tax. The stated purpose of this tax preference, for purposes of JLARC's review, is to discourage the use of gas-powered outdoor power equipment and instead encourage the use of zero-emission outdoor power equipment, as a means to reduce the emissions of greenhouse gases and air

pollution.

Sellers must notify customers that the state sales tax rate is 0 percent for zero-emission outdoor power equipment and effectively 13 percent for power equipment that is not zero-emission.

The additional 6.5 percent tax, and the tax exemption, are also applied to use taxes due to the state for the use of outdoor power equipment.

These taxes begin July 1, 2022, and both the taxes and tax exemptions expire January 1, 2033. The bill includes a tax preference performance statement for the purposes of JLARC evaluation.

Government Procurement.

Beginning January 1, 2025, any outdoor power equipment purchased by state agencies and local governments must be zero-emission.

The Department of Commerce must review state agency and local government compliance with this requirement and submit a report to the Legislature by December 1, 2026. The report must include a discussion of the market availability, cost, and performance attributes of zero-emission outdoor power equipment in comparison to other equipment.

Appropriation: None.

Fiscal Note: Requested on January 17, 2022.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.