AN ACT Relating to providing a retail sales and use tax exemption for the purchase of electric bicycles and related cycling equipment; adding a new section to chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; creating new sections; and providing contingent expiration dates.

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

NEW SECTION. Sec. 1. The legislature finds that encouraging citizens to own and use electric bicycles for commuting can replace light duty passenger vehicles and thus reduce congestion, local air pollution, and global carbon pollution while enhancing citizens' health and saving commuters money. The legislature recognizes that people with lower incomes have fewer financial resources for purchasing these types of vehicles, which can help them commute to work and school with reduced financial burdens. It is therefore the intent of this legislation to increase electric bicycle sales by providing an exemption from the state sales tax on new qualifying vehicle purchases.

NEW SECTION. Sec. 2. (1) This section is the tax preference performance statement for the tax preference contained in sections 3 and 4, chapter . . ., Laws of 2021 (sections 3 and 4 of this act).
This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or to be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes this tax preference as one intended to provide tax relief for certain individuals as indicated in RCW 82.32.808(2)(e).

(3) It is the legislature's specific public policy objective to encourage citizens to own and use electric bicycles by assisting in the purchasing of electric bicycles and related equipment.

(4) If a review finds that the number of electric bicycles purchased in Washington increases 25 percent as compared to the number of electric bicycles purchased in calendar year 2019, then the legislature intends to extend the expiration date of this tax preference.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to any data collected by the state.

NEW SECTION. Sec. 3. A new section is added to chapter 82.08 RCW to read as follows:

(1) Except as provided in subsection (2) of this section, beginning August 1, 2021, the tax levied by RCW 82.08.020 does not apply to the sale of new electric bicycles and up to $200 in related cycling equipment. The exemption is available on a first-come basis until the exemption expires.

(2) The department must post a quarterly balance report on its website that includes an estimated expiration date for this section. If the remaining balance of exemptions available under this section is less than $10,000, the department must publish a notification on its website.

(3) The seller must keep records necessary for the department to verify eligibility under this section.

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

(a) "Electric bicycle" has the same meaning as provided in RCW 46.04.169.

(b) "Related cycling equipment" means cycling accessories commonly associated with bicycle ownership including, but not limited to, helmets, bicycle locks, fenders, lights, and a bicycle service or
repair plan, purchased as part of the same transaction as an electric bicycle.

(5)(a) This section expires on the earlier of:
   (i) May 1, 2027; or
   (ii) The first day of the first month after the month in which the department has determined that $500,000 in total retail sales tax exemptions have been granted under this section.

(b) The department must provide written notice of the expiration date of this section to affected parties, the chief clerk of the house of representatives, the secretary of the senate, the office of the coder reviser, and others as deemed appropriate by the department.

NEW SECTION. Sec. 4. A new section is added to chapter 82.12 RCW to read as follows:

(1) Effective August 1, 2021, the provisions of this chapter do not apply to the use of electric bicycles and related cycling equipment.

(2)(a) This section expires on the earlier of:
   (i) May 1, 2027; or
   (ii) The first day of the first month after the month in which the department has determined that $500,000 in total retail sales and use tax exemptions have been granted under this act.

(b) The department must provide written notice of the expiration date of this section to affected parties, the chief clerk of the house of representatives, the secretary of the senate, the office of the coder reviser, and others as deemed appropriate by the department.

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