AN ACT Relating to hydrogen fuel cell electric vehicles; adding a new section to chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; creating a new section; providing an effective date; and providing expiration dates.

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

NEW SECTION. Sec. 1. This section is the tax preference performance statement for the tax preferences contained in sections 2 and 3, chapter . . ., Laws of 2021 (sections 2 and 3 of this act). The 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 be used to determine eligibility for preferential tax treatment.

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

(2) It is the legislature's specific public policy objective to increase the use of hydrogen fuel cell electric vehicles in Washington as another way of promoting clean alternative fuel vehicle adoption in the state. It is the legislature's intent to establish an eight-year pilot tax incentive program for fuel cell electric vehicles by creating a temporary partial sales and use tax exemption...
on fuel cell electric vehicles in order to reduce the price charged
to customers and to evaluate the feasibility of wider adoption of the
use of fuel cell electric technology in transportation.

(3) Since the tax incentive created in sections 2 and 3 of this
act is limited to eight years, the joint legislative audit and review
committee must, within the committee's appropriations, evaluate the
effectiveness of this tax incentive on the number of hydrogen fuel
cell vehicles titled in the state by November 1, 2028.

(4) The department of licensing and the department of revenue
must, within the departments' respective appropriations, provide data
needed for the joint legislative audit and review committee analysis.
In addition to the data source described under this subsection, the
joint legislative audit and review committee may use any other data
it deems necessary.

NEW SECTION.  Sec. 2.  A new section is added to chapter 82.08
RCW to read as follows:

(1)(a) Subject to the limitations in this subsection, beginning
July 1, 2022, with sales made or lease agreements signed on or after
this date until the expiration of this section, fifty percent of the
tax levied by RCW 82.08.020 does not apply to sales or leases of new
electric passenger cars, light duty trucks, and medium duty passenger
vehicles, that are powered by a fuel cell.

(b)(i) By the end of the fifth working day of each month, until
the expiration of the exemption as described in (c) of this
subsection, the department must determine the cumulative number of
vehicles that have claimed the exemption as described in (a) of this
subsection.

(ii) The department of licensing must collect and provide, upon
request, information in a form or manner as required by the
department to determine the number of exemptions that have been
claimed.

(c) The exemption under this section expires after the last day
of the calendar month immediately following the month the department
determines that the total number of vehicles exempt under (a) of this
subsection reaches 650. All leased vehicles that qualified for the
exemption before the expiration of the exemption must continue to
receive the exemption as described under (a) of this subsection on
lease payments due through the remainder of the lease.
(d) The department must provide notification on its website monthly on the amount of exemptions that have been applied for, the amount issued, and the amount remaining before the limit described in (c) of this subsection has been reached, and, once that limit has been reached, the date the exemption expires pursuant to (c) of this subsection.

(e) A person may not claim the exemption under this subsection if the person claims the exemption under RCW 82.08.9999 or 82.12.9999.  

(f) The per vehicle exemption must be based on the sales price for purchased vehicles and fair market value at the inception of the lease for leased vehicles.

(2)(a) Subject to the limitations in this subsection (2), beginning July 1, 2022, with sales made or lease agreements signed on or after this date until the expiration of this section, the entire tax levied by RCW 82.08.020 does not apply to the sale or lease of used electric passenger cars, light duty trucks, and medium duty passenger vehicles, that are powered by a fuel cell.

(b) The per vehicle exemption must be based on the sales price for purchased vehicles and fair market value at the inception of the lease for leased vehicles. However, the maximum value amount eligible for the exemption under (a) of this subsection is the lesser of either sixteen thousand dollars or the fair market value of the vehicle.

(c) A person may not claim the exemption under this subsection (2) if the person claims the exemption under RCW 82.08.9999 or 82.12.9999.

(3)(a) For qualifying vehicles sold by a person licensed to do business in the state of Washington, the seller must keep records necessary for the department to verify eligibility under this section. The seller reporting the exemption must also submit itemized information to the department for all vehicles for which an exemption is claimed that must include the following: Vehicle make; vehicle model; model year; whether the vehicle has been sold or leased; date of sale or start date of lease; length of lease; sales price for purchased vehicles and fair market value at the inception of the lease for leased vehicles; and the total amount qualifying for the incentive claimed for each vehicle, in addition to the future monthly amount to be claimed for each leased vehicle. This information must be provided in a form and manner prescribed by the department.
(b) For vehicles purchased from (i) a seller that is not licensed
to do business in the state of Washington, or (ii) a private party,
the buyer must keep records necessary for the department to verify
eligibility under this section. The buyer claiming the exemption must
also submit itemized information to the department for all vehicles
for which an exemption is claimed that must include the following:
Vehicle make; vehicle model; model year; date of sale; sales price;
and the total amount qualifying for the incentive claimed for each
vehicle. This information must be provided in a form and manner
prescribed by the department.

(4)(a) The department of licensing must maintain and publish a
list of all vehicle models qualifying for the tax exemptions under
this section and section 3 of this act until the expiration of this
section, and is authorized to issue final rulings on vehicle model
qualification for these criteria.

(b) The department of revenue retains responsibility for
determining whether a vehicle meets the applicable qualifying
criterion under subsections (1) and (2) of this section.

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

(6) By the last day of August 2023, and annually thereafter until
this section expires, based on the best available data, the
department must report the following information to the
transportation committees of the legislature: The cumulative number
of fuel cell electric vehicles that qualified for the exemptions
under this section and section 3 of this act by month of purchase or
lease start and vehicle make and model; the dollar amount of all
state retail sales and use taxes exempted on or after the
qualification period start date, under this section and section 3 of
this act; and estimates of the future costs of leased vehicles that
qualified for the exemptions under this section and section 3 of this act.

(7)(a) Sales of vehicles delivered to the buyer after the expiration of this section, or leased vehicles for which the lease agreement was signed after the expiration of this section, do not qualify for the exemptions under this section.

(b) All leased vehicles that qualified for the exemption under this section before the expiration of this section must continue to receive the exemption on any lease payments due through the remainder of the lease.

(8) For the purposes of this section:

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

(b) "Fuel cell" means a technology that uses an electrochemical reaction to generate electric energy by combining atoms of hydrogen and oxygen in the presence of a catalyst.

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

(d) "Selling price" and "sales price" have the same meaning as in RCW 82.08.010.

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

(9) This section expires June 30, 2029.

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

(1) Subject to the limitations in this subsection and section 2(1)(c) of this act, beginning July 1, 2022, with sales made or lease agreements signed on or after this date until the expiration of this section, fifty percent of the tax levied by RCW 82.12.020 does not apply to sales or leases of new electric passenger cars, light duty trucks, and medium duty passenger vehicles, that are powered by a fuel cell.

(2)(a) Subject to the limitations in this subsection (2), beginning July 1, 2022, with sales made or lease agreements signed on or after this date until the expiration of this section, the entire tax levied by RCW 82.12.020 does not apply to the sale or lease of used electric passenger cars, light duty trucks, and medium duty passenger vehicles, that are powered by a fuel cell.

(b) The per vehicle exemption must be based on the sales price for purchased vehicles and fair market value at the inception of the
lease for leased vehicles. However, the maximum value amount eligible for the exemption under (a) of this subsection is the lesser of either sixteen thousand dollars or the fair market value of the vehicle.

(c) A person may not claim the exemption under this subsection (2) if the person claims the exemption under RCW 82.08.9999 or 82.12.9999.

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

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

(5)(a) Sales of vehicles delivered to the buyer after the expiration of this section, or leased vehicles for which the lease agreement was signed after the expiration of this section, do not qualify for the exemptions under this section.

(b) All leased vehicles that qualified for the exemption under this section before the expiration of this section must continue to receive the exemption on any lease payments due through the remainder of the lease.

(6) The definitions in section 2 of this act apply to this section.

(7) This section expires June 30, 2029.
NEW SECTION.  Sec. 4. Sections 1 through 3 of this act take effect July 1, 2022.

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