
HOUSE BILL 2711

State of Washington

69th Legislature

2026 Regular Session

By Representative Fey

Read first time 02/02/26. Referred to Committee on Transportation.

1 AN ACT Relating to transportation resources; amending RCW
2 82.38.030, 82.08.817, 82.12.818, 82.08.9999, 82.48A.010, 82.48A.020,
3 and 70A.205.405; amending 2025 c 417 s 1406 (uncodified); reenacting
4 and amending RCW 46.68.090, 82.08.020, and 82.12.020; providing
5 effective dates; and declaring an emergency.

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

7 **PART I: MOTOR VEHICLE FUEL TAX**

8 **Sec. 101.** RCW 82.38.030 and 2025 c 417 s 101 are each amended to
9 read as follows:

10 (1) There is levied and imposed upon fuel licensees a tax at the
11 rate of 23 cents per gallon of fuel.

12 (2) Beginning July 1, 2003, an additional and cumulative tax rate
13 of five cents per gallon of fuel is imposed on fuel licensees. This
14 subsection (2) expires when the bonds issued for transportation 2003
15 projects are retired.

16 (3) Beginning July 1, 2005, an additional and cumulative tax rate
17 of three cents per gallon of fuel is imposed on fuel licensees.

18 (4) Beginning July 1, 2006, an additional and cumulative tax rate
19 of three cents per gallon of fuel is imposed on fuel licensees.

1 (5) Beginning July 1, 2007, an additional and cumulative tax rate
2 of two cents per gallon of fuel is imposed on fuel licensees.

3 (6) Beginning July 1, 2008, an additional and cumulative tax rate
4 of one and one-half cents per gallon of fuel is imposed on fuel
5 licensees.

6 (7) Beginning August 1, 2015, an additional and cumulative tax
7 rate of seven cents per gallon of fuel is imposed on fuel licensees.

8 (8) Beginning July 1, 2016, an additional and cumulative tax rate
9 of four and nine-tenths cents per gallon of fuel is imposed on fuel
10 licensees.

11 (9) Beginning July 1, 2025, an additional and cumulative tax rate
12 of six cents per gallon of fuel is imposed on fuel licensees.

13 (10) Beginning July 1, 2025, an additional and cumulative tax
14 rate of three cents per gallon of special fuel is imposed on fuel
15 licensees.

16 (11) Beginning July 1, 2027, an additional and cumulative tax
17 rate of three cents per gallon of special fuel is imposed on fuel
18 licensees.

19 (12) ~~((a)) Beginning July 1, 2026, ((the fuel tax rates imposed
20 under subsections (1) through (9) of this section must be increased
21 annually by two percent and the resulting fuel tax rate must be
22 rounded to the nearest one-thousandth of \$1.~~

23 ~~(b))~~ an additional and cumulative tax rate per gallon of fuel is
24 imposed on fuel licensees. The tax rate imposed under this subsection
25 is calculated each July 1st by:

26 (a) Increasing by two percent the sum of:

27 (i) The fuel tax rates imposed under subsections (1) through (9)
28 of this section as of the current July 1st; and

29 (ii) The fuel tax rate imposed under this subsection (12) for the
30 prior 12 months;

31 (b) Subtracting the sum of the fuel tax rates imposed under
32 subsections (1) through (9) of this section as of the current July
33 1st; and

34 (c) Rounding the result to the nearest one-thousandth of \$1.

35 (13) Beginning July 1, 2028, ~~((the fuel tax rate imposed under
36 subsections (10) and (11) of this section must be increased annually
37 by two percent and the resulting fuel tax rate must be rounded to the
38 nearest one-thousandth of \$1.~~

1 ~~(13))~~ an additional and cumulative tax rate per gallon of
2 special fuel is imposed on fuel licensees. The tax rate imposed under
3 this subsection is calculated each July 1st by:

4 (a) Increasing by two percent the sum of:

5 (i) The fuel tax rates imposed under subsections (1) through (11)
6 of this section as of the current July 1st; and

7 (ii) The fuel tax rates imposed under subsection (12) of this
8 section and this subsection for the prior 12 months;

9 (b) Subtracting the sum of the fuel tax rates imposed under
10 subsections (1) through (12) of this section as of the current July
11 1st; and

12 (c) Rounding the result to the nearest one-thousandth of \$1.

13 (14) Taxes are imposed when:

14 (a) Fuel is removed in this state from a terminal if the fuel is
15 removed at the rack unless the removal is by a licensed supplier or
16 distributor for direct delivery to a destination outside of the
17 state, or the removal is by a fuel supplier for direct delivery to an
18 international fuel tax agreement licensee under RCW 82.38.320;

19 (b) Fuel is removed in this state from a refinery if either of
20 the following applies:

21 (i) The removal is by bulk transfer and the refiner or the owner
22 of the fuel immediately before the removal is not a licensed
23 supplier; or

24 (ii) The removal is at the refinery rack unless the removal is to
25 a licensed supplier or distributor for direct delivery to a
26 destination outside of the state, or the removal is to a licensed
27 supplier for direct delivery to an international fuel tax agreement
28 licensee under RCW 82.38.320;

29 (c) Fuel enters into this state for sale, consumption, use, or
30 storage, unless the fuel enters this state for direct delivery to an
31 international fuel tax agreement licensee under RCW 82.38.320, if
32 either of the following applies:

33 (i) The entry is by bulk transfer and the importer is not a
34 licensed supplier; or

35 (ii) The entry is not by bulk transfer;

36 (d) Fuel enters this state by means outside the bulk transfer-
37 terminal system and is delivered directly to a licensed terminal
38 unless the owner is a licensed distributor or supplier;

39 (e) Fuel is sold or removed in this state to an unlicensed entity
40 unless there was a prior taxable removal, entry, or sale of the fuel;

1 (f) Blended fuel is removed or sold in this state by the blender
2 of the fuel. The number of gallons of blended fuel subject to tax is
3 the difference between the total number of gallons of blended fuel
4 removed or sold and the number of gallons of previously taxed fuel
5 used to produce the blended fuel;

6 (g) Dyed special fuel is used on a highway, as authorized by the
7 internal revenue code, unless the use is exempt from the fuel tax;

8 (h) Dyed special fuel is held for sale, sold, used, or is
9 intended to be used in violation of this chapter;

10 (i) Special fuel purchased by an international fuel tax agreement
11 licensee under RCW 82.38.320 is used on a highway; and

12 (j) Fuel is sold by a licensed fuel supplier to a fuel
13 distributor or fuel blender and the fuel is not removed from the bulk
14 transfer-terminal system.

15 **Sec. 102.** RCW 46.68.090 and 2025 c 417 s 103 and 2025 c 416 s
16 706 are each reenacted and amended to read as follows:

17 (1) All moneys that have accrued or may accrue to the motor
18 vehicle fund from the fuel tax must be first expended for purposes
19 enumerated in (a) and (b) of this subsection. The remaining net tax
20 amount must be distributed monthly by the state treasurer in
21 accordance with subsections (2) through (9) of this section.

22 (a) For payment of refunds of fuel tax that has been paid and is
23 refundable as provided by law;

24 (b) For payment of amounts to be expended pursuant to
25 appropriations for the administrative expenses of the offices of
26 state treasurer, state auditor, and the department of licensing of
27 the state of Washington in the administration of the fuel tax, which
28 sums must be distributed monthly.

29 (2) All of the remaining net tax amount collected under RCW
30 82.38.030(1) must be distributed as set forth in (a) through (j) of
31 this subsection.

32 (a) For distribution to the motor vehicle fund an amount equal to
33 44.387 percent to be expended for highway purposes of the state as
34 defined in RCW 46.68.130;

35 (b)(i) For distribution to the special category C account, hereby
36 created in the motor vehicle fund, an amount equal to 3.2609 percent
37 to be expended for special category C projects. Special category C
38 projects are category C projects that, due to high cost only, will
39 require bond financing to complete construction.

1 (ii) The following criteria, listed in order of priority, must be
2 used in determining which special category C projects have the
3 highest priority:

4 (A) Accident experience;

5 (B) Fatal accident experience;

6 (C) Capacity to move people and goods safely and at reasonable
7 speeds without undue congestion; and

8 (D) Continuity of development of the highway transportation
9 network.

10 (iii) Moneys deposited in the special category C account in the
11 motor vehicle fund may be used for payment of debt service on bonds
12 the proceeds of which are used to finance special category C projects
13 under this subsection (2) (b);

14 (c) For distribution to the Puget Sound ferry operations account
15 in the motor vehicle fund an amount equal to 2.3283 percent;

16 (d) For distribution to the Puget Sound capital construction
17 account in the motor vehicle fund an amount equal to 2.3726 percent;

18 (e) For distribution to the transportation improvement account in
19 the motor vehicle fund an amount equal to 7.5597 percent;

20 (f) For distribution to the transportation improvement account in
21 the motor vehicle fund an amount equal to 5.6739 percent and expended
22 in accordance with RCW 47.26.086;

23 (g) For distribution to the cities and towns from the motor
24 vehicle fund an amount equal to 10.6961 percent in accordance with
25 RCW 46.68.110;

26 (h) For distribution to the counties from the motor vehicle fund
27 an amount equal to 19.2287 percent: (i) Out of which there must be
28 distributed from time to time, as directed by the department of
29 transportation, those sums as may be necessary to carry out the
30 provisions of RCW 47.56.725; and (ii) less any amounts appropriated
31 to the county road administration board to implement the provisions
32 of RCW 47.56.725(4), with the balance of such county share to be
33 distributed monthly as the same accrues for distribution in
34 accordance with RCW 46.68.120;

35 (i) For distribution to the county arterial preservation account,
36 hereby created in the motor vehicle fund an amount equal to 1.9565
37 percent. These funds must be distributed by the county road
38 administration board to counties in proportions corresponding to the
39 number of paved arterial lane miles in the unincorporated area of
40 each county and must be used for improvements to sustain the

1 structural, safety, and operational integrity of county arterials.
2 The county road administration board must adopt reasonable rules and
3 develop policies to implement this program and to assure that a
4 pavement management system is used. During the 2025-2027 fiscal
5 biennium, the county arterial preservation account may also be used
6 for staffing-related expenses of the board, contracting costs, and
7 grants associated with bridge ratings;

8 (j) For distribution to the rural arterial trust account in the
9 motor vehicle fund an amount equal to 2.5363 percent and expended in
10 accordance with RCW 36.79.020.

11 (3) The remaining net tax amount collected under RCW 82.38.030(2)
12 must be distributed to the transportation 2003 account (nickel
13 account).

14 (4) The remaining net tax amount collected under RCW 82.38.030(3)
15 must be distributed as follows:

16 (a) 8.3333 percent must be distributed to the incorporated cities
17 and towns of the state in accordance with RCW 46.68.110;

18 (b) 8.3333 percent must be distributed to counties of the state
19 in accordance with RCW 46.68.120; and

20 (c) The remainder must be distributed to the transportation
21 partnership account created in RCW 46.68.290.

22 (5) The remaining net tax amount collected under RCW 82.38.030(4)
23 must be distributed as follows:

24 (a) 8.3333 percent must be distributed to the incorporated cities
25 and towns of the state in accordance with RCW 46.68.110;

26 (b) 8.3333 percent must be distributed to counties of the state
27 in accordance with RCW 46.68.120; and

28 (c) The remainder must be distributed to the transportation
29 partnership account created in RCW 46.68.290.

30 (6) The remaining net tax amount collected under RCW 82.38.030
31 (5) and (6) must be distributed to the transportation partnership
32 account created in RCW 46.68.290.

33 (7) The remaining net tax amount collected under RCW 82.38.030
34 (7) and (8) must be distributed to the connecting Washington account
35 created in RCW 46.68.395.

36 (8) The remaining net tax amount collected under RCW 82.38.030
37 (9) through ~~((+12+))~~ (13) must be distributed as follows:

38 (a) Two and one-half percent must be distributed to the
39 incorporated cities and towns of the state in accordance with RCW
40 46.68.110;

1 (b) Two and one-half percent must be distributed to counties of
2 the state in accordance with RCW 46.68.120; and

3 (c) The remainder must be distributed to the motor vehicle fund
4 created in RCW 46.68.070.

5 (9) Nothing in this section or in RCW 46.68.130 may be construed
6 so as to violate any terms or conditions contained in any highway
7 construction bond issues now or hereafter authorized by statute and
8 whose payment is by such statute pledged to be paid from any excise
9 taxes on fuel.

10 **PART II: MOTOR VEHICLE SALES AND LUXURY TAXES**

11 **Sec. 201.** RCW 82.08.020 and 2025 c 418 s 3 and 2025 c 417 s 201
12 are each reenacted and amended to read as follows:

13 (1) There is levied and collected a tax equal to six and five-
14 tenths percent of the selling price on each retail sale in this state
15 of:

16 (a) Tangible personal property, unless the sale is specifically
17 excluded from the RCW 82.04.050 definition of retail sale;

18 (b) Digital goods, digital codes, and digital automated services,
19 if the sale is included within the RCW 82.04.050 definition of retail
20 sale;

21 (c) Services, other than digital automated services, included
22 within the RCW 82.04.050 definition of retail sale;

23 (d) Extended warranties to consumers; and

24 (e) Anything else, the sale of which is included within the RCW
25 82.04.050 definition of retail sale.

26 (2)(a) There is levied and collected an additional tax on each
27 retail car rental, regardless of whether the vehicle is licensed in
28 this state, equal to:

29 (i) Eleven and nine-tenths percent of the selling price from
30 January 1, 2026, through December 31, 2026; and

31 (ii)(A) Nine and nine-tenths percent of the selling price
32 beginning January 1, 2027.

33 (B) The revenue collected under (a) of this subsection must be
34 deposited in the multimodal transportation account created in RCW
35 47.66.070.

36 (b)(i) Beginning January 1, 2027, there is levied and collected
37 an additional tax on peer-to-peer car sharing transactions equal to
38 the selling price multiplied by the rate of tax imposed under (a) of

1 this subsection. This subsection (2)(b) applies only to peer-to-peer
2 car sharing transactions where the vehicle owner obtained the shared
3 vehicle as a vehicle for resale using a reseller permit or an
4 approved exemption certificate under RCW 82.04.470. The revenue
5 collected under this subsection (2)(b) must be deposited in the
6 multimodal transportation account created in RCW 47.66.070.

7 (ii) For purposes of this subsection (2)(b), "peer-to-peer car
8 sharing" has the same meaning as in RCW 46.74A.010. "Peer-to-peer car
9 sharing" does not mean:

10 (A) "Retail car rental" as defined in RCW 82.08.011; or

11 (B) "Rental car" as defined in RCW 46.04.465 or 48.115.005.

12 (3) There is levied and collected an additional tax of five-
13 tenths of one percent of the selling price on each retail sale of a
14 motor vehicle in this state, other than retail car rentals taxed
15 under subsection (2) of this section. The revenue collected under
16 this subsection must be deposited in the multimodal transportation
17 account created in RCW 47.66.070.

18 (4)(a) Beginning July 1, 2026, in addition to taxes required
19 under this chapter and chapters 82.12 and 82.49 RCW, there is levied
20 and collected an additional tax of five-tenths of one percent on the
21 selling price, plus trade-in property of like kind, for purchased
22 recreational vessels.

23 (b) In the case of a lease requiring periodic payments, the tax
24 is imposed on the (~~fair market~~) value of the recreational vessel at
25 the inception of the lease.

26 (c) The revenue collected under this subsection must be deposited
27 in the multimodal transportation account created in RCW 47.66.070.

28 (d) For purposes of this subsection(~~(, "recreational")~~) (4), the
29 following definitions apply:

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

32 (ii) "Recreational vessel" means a vessel as defined in RCW
33 88.02.310 that is subject to watercraft excise tax under chapter
34 82.49 RCW.

35 (iii) "Value of the recreational vessel" means the fair market
36 value of the recreational vessel plus the value of trade-in property
37 of like kind.

38 (5) For purposes of subsection (3) of this section, "motor
39 vehicle" has the meaning provided in RCW 46.04.320, but does not
40 include:

1 (a) Farm tractors or farm vehicles as defined in RCW 46.04.180
2 and 46.04.181, unless the farm tractor or farm vehicle is for use in
3 the production of cannabis;

4 (b) Off-road vehicles as defined in RCW 46.04.365;

5 (c) Nonhighway vehicles as defined in RCW 46.09.310; and

6 (d) Snowmobiles as defined in RCW 46.04.546.

7 (6) Beginning on December 8, 2005, 0.16 percent of the taxes
8 collected under subsection (1) of this section must be dedicated to
9 funding comprehensive performance audits required under RCW
10 43.09.470. The revenue identified in this subsection must be
11 deposited in the performance audits of government account created in
12 RCW 43.09.475.

13 (7) Beginning July 1, 2027, the portion of taxes collected by the
14 state under subsection (1) of this section equal to 0.1 percent of
15 the selling price on each retail sale in this state must be deposited
16 in the multimodal transportation account created in RCW 47.66.070.

17 (8) The taxes imposed under this chapter apply to successive
18 retail sales of the same property.

19 (9) The rates provided in this section apply to taxes imposed
20 under chapter 82.12 RCW as provided in RCW 82.12.020.

21 **Sec. 202.** RCW 82.12.020 and 2025 c 418 s 4 and 2025 c 417 s 202
22 are each reenacted and amended to read as follows:

23 (1) There is levied and collected from every person in this state
24 a tax or excise for the privilege of using within this state as a
25 consumer any:

26 (a) Article of tangible personal property acquired by the user in
27 any manner, including tangible personal property acquired at a casual
28 or isolated sale, and including by-products used by the manufacturer
29 thereof, except as otherwise provided in this chapter, irrespective
30 of whether the article or similar articles are manufactured or are
31 available for purchase within this state;

32 (b) Prewritten computer software, regardless of the method of
33 delivery, but excluding prewritten computer software that is either
34 provided free of charge or is provided for temporary use in viewing
35 information, or both;

36 (c) Services defined as a retail sale in RCW 82.04.050 (2) (a) or
37 (g) or (6) (~~(+)~~) (b), excluding services defined as a retail sale in
38 RCW 82.04.050 (6) (~~(+)~~) (b) that are provided free of charge;

39 (d) Extended warranty; or

1 (e)(i) Digital good, digital code, or digital automated service,
2 including the use of any services provided by a seller exclusively in
3 connection with digital goods, digital codes, or digital automated
4 services, whether or not a separate charge is made for such services.

5 (ii) With respect to the use of digital goods, digital automated
6 services, and digital codes acquired by purchase, the tax imposed in
7 this subsection (1)(e) applies in respect to:

8 (A) Sales in which the seller has granted the purchaser the right
9 of permanent use;

10 (B) Sales in which the seller has granted the purchaser a right
11 of use that is less than permanent;

12 (C) Sales in which the purchaser is not obligated to make
13 continued payment as a condition of the sale; and

14 (D) Sales in which the purchaser is obligated to make continued
15 payment as a condition of the sale.

16 (iii) With respect to digital goods, digital automated services,
17 and digital codes acquired other than by purchase, the tax imposed in
18 this subsection (1)(e) applies regardless of whether or not the
19 consumer has a right of permanent use or is obligated to make
20 continued payment as a condition of use.

21 (2) The provisions of this chapter do not apply in respect to the
22 use of any article of tangible personal property, extended warranty,
23 digital good, digital code, digital automated service, or service
24 taxable under RCW 82.04.050 (2) (a) or (g) or (6) ~~((e))~~ (b), if the
25 sale to, or the use by, the present user or the present user's bailor
26 or donor has already been subjected to the tax under chapter 82.08
27 RCW or this chapter and the tax has been paid by the present user or
28 by the present user's bailor or donor.

29 (3)(a) Except as provided in this section, payment of the tax
30 imposed by this chapter or chapter 82.08 RCW by one purchaser or user
31 of tangible personal property, extended warranty, digital good,
32 digital code, digital automated service, or other service does not
33 have the effect of exempting any other purchaser or user of the same
34 property, extended warranty, digital good, digital code, digital
35 automated service, or other service from the taxes imposed by such
36 chapters.

37 (b) The tax imposed by this chapter does not apply:

38 (i) If the sale to, or the use by, the present user or his or her
39 bailor or donor has already been subjected to the tax under chapter

1 82.08 RCW or this chapter and the tax has been paid by the present
2 user or by his or her bailor or donor;

3 (ii) In respect to the use of any article of tangible personal
4 property acquired by bailment and the tax has once been paid based on
5 reasonable rental as determined by RCW 82.12.060 measured by the
6 value of the article at time of first use multiplied by the tax rate
7 imposed by chapter 82.08 RCW or this chapter as of the time of first
8 use;

9 (iii) In respect to the use of any article of tangible personal
10 property acquired by bailment, if the property was acquired by a
11 previous bailee from the same bailor for use in the same general
12 activity and the original bailment was prior to June 9, 1961; or

13 (iv) To the use of digital goods or digital automated services,
14 which were obtained through the use of a digital code, if the sale of
15 the digital code to, or the use of the digital code by, the present
16 user or the present user's bailor or donor has already been subjected
17 to the tax under chapter 82.08 RCW or this chapter and the tax has
18 been paid by the present user or by the present user's bailor or
19 donor.

20 (4) (a) Except as provided in (b) of this subsection (4) and in
21 subsection (7)(a) of this section, the tax is levied and must be
22 collected in an amount equal to the value of the article used, value
23 of the digital good or digital code used, value of the extended
24 warranty used, or value of the service used by the taxpayer,
25 multiplied by the applicable rates in effect for the retail sales tax
26 under RCW 82.08.020.

27 (b) In the case of a seller required to collect use tax from the
28 purchaser, the tax must be collected in an amount equal to the
29 purchase price multiplied by the applicable rate in effect for the
30 retail sales tax under RCW 82.08.020.

31 (5) Beginning July 1, 2027, the portion of taxes collected by the
32 state under subsection (1) of this section equal to 0.1 percent of
33 the value of the article used, value of the digital good or digital
34 code used, value of the extended warranty used, or value of the
35 service used by the taxpayer, must be deposited in the multimodal
36 transportation account created in RCW 47.66.070.

37 (6) For purposes of the tax imposed in this section, "person"
38 includes anyone within the definition of "buyer," "purchaser," and
39 "consumer" in RCW 82.08.010.

1 (7) (a) Beginning July 1, 2026, the tax imposed in this section at
2 the rate provided in RCW 82.08.020(4) applies to the use of a
3 recreational vessel at the time that it is first used in this state
4 by the consumer. The tax must be collected in an amount equal to the
5 sum of the selling price and the value of trade-in property of like
6 kind, multiplied by the applicable rate in effect for the retail
7 sales tax under RCW 82.08.020(4).

8 (b) The revenue collected under this subsection must be deposited
9 in the multimodal transportation account created in RCW 47.66.070.

10 (c) For purposes of this subsection, "recreational vessel" means
11 a vessel as defined in RCW 88.02.310 that is subject to watercraft
12 excise tax under chapter 82.49 RCW.

13 **Sec. 203.** RCW 82.08.817 and 2025 c 417 s 203 are each amended to
14 read as follows:

15 (1) (a) Except as provided in subsection (3) of this section, in
16 addition to the taxes imposed under RCW 82.08.020, there is levied
17 and collected an additional tax of eight percent on the sale of a
18 motor vehicle if:

19 (i) The selling price of the motor vehicle plus trade-in property
20 of like kind for purchased vehicles exceeds \$100,000; or

21 (ii) In the case of a lease requiring periodic payments, the
22 (~~fair market~~) value of the motor vehicle exceeds \$100,000 at the
23 inception of the lease.

24 (b) The additional tax imposed in this subsection (1):

25 (i) Is equal to the portion of the selling price plus trade-in
26 property of like kind for purchased vehicles in excess of the
27 deduction amount specified in subsection (2) of this section,
28 multiplied by eight percent; or

29 (ii) In the case of a lease requiring periodic payments, is the
30 (~~fair market~~) value of the motor vehicle in excess of the amount
31 specified in subsection (2) of this subsection, at the inception of
32 the lease, multiplied by eight percent.

33 (2) The deduction amount is \$100,000 for fiscal year 2026. The
34 deduction amount must be annually adjusted on July 1st of each year
35 by increasing the amount by two percent and rounding the result to
36 the nearest whole dollar.

37 (3) The taxes imposed under this section do not apply to the sale
38 or lease of:

39 (a) A commercial motor vehicle, as defined in RCW 46.25.010; or

1 (b) A motor vehicle that has a gross vehicle weight rating of
2 greater than 10,000 pounds other than motor homes, as defined in RCW
3 46.04.305.

4 (4) The revenue collected under this section must be deposited in
5 the multimodal transportation account created in RCW 47.66.070.

6 (5) For the purposes of this section and RCW 82.12.818, the
7 following definitions apply:

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

10 (b) "Motor vehicle" has the same meaning as in RCW 46.04.320, but
11 does not include:

12 (i) Farm tractors or farm vehicles as defined in RCW 46.04.180
13 and 46.04.181, unless the farm tractor or farm vehicle is for use in
14 the production of cannabis;

15 (ii) Off-road vehicles as defined in RCW 46.04.365;

16 (iii) Nonhighway vehicles as defined in RCW 46.09.310; and

17 (iv) Snowmobiles as defined in RCW 46.04.546.

18 (~~(b)~~) (c) "Value of the motor vehicle" means the fair market
19 value of the motor vehicle (~~(. In the case of a leased motor vehicle~~
20 ~~in which the consumer is required to make periodic lease payments,~~
21 ~~"value of the motor vehicle" means the fair market value of the motor~~
22 ~~vehicle at the inception of the lease)~~) plus the value of trade-in
23 property of like kind.

24 **Sec. 204.** RCW 82.12.818 and 2025 c 417 s 204 are each amended to
25 read as follows:

26 (1) Except as provided in subsection (3) of this section, in
27 addition to the tax imposed under RCW 82.12.020, there is levied and
28 collected from every person in this state a tax for the privilege of
29 using within this state as a consumer any motor vehicle if the value
30 of the motor vehicle exceeds \$100,000.

31 (2) (a) Except as provided in (b) of this subsection, the tax is
32 levied and must be collected in an amount equal to the value of the
33 motor vehicle that exceeds the deduction amount specified in (c) of
34 this subsection, multiplied by eight percent.

35 (b) In the case of a seller required to collect use tax under
36 this section from the purchaser, the tax must be collected in an
37 amount equal to (~~(the amount of the purchase price that exceeds)~~)
38 eight percent of the remainder that results when the amount specified
39 in (c) of this subsection (~~(, multiplied by eight percent)~~) is

1 deducted from the sum of the selling price and the value of trade-in
2 property of like kind.

3 (c) The deduction amount is \$100,000 for fiscal year 2026. The
4 deduction amount must be annually adjusted on July 1st of each year
5 by increasing the amount by two percent and rounding the result to
6 the nearest whole dollar.

7 (3) The taxes imposed under this section do not apply to the use
8 of:

9 (a) A commercial motor vehicle, as defined in RCW 46.25.010; or

10 (b) A motor vehicle that has a gross vehicle weight rating of
11 greater than 10,000 pounds other than motor homes, as defined in RCW
12 46.04.305.

13 (4) The revenue collected under this section must be deposited in
14 the multimodal transportation account created in RCW 47.66.070.

15 (5) For the purposes of this section, "value of the motor
16 vehicle" means the same as in RCW 82.08.817.

17 **Sec. 205.** RCW 82.08.9999 and 2022 c 182 s 305 are each amended
18 to read as follows:

19 (1) Beginning August 1, 2019, with sales made or lease agreements
20 signed on or after the qualification period start date:

21 (a) The tax levied by RCW 82.08.020 does not apply as provided in

22 (b) of this subsection to sales or leases of new or used passenger
23 cars, light duty trucks, and medium duty passenger vehicles that:

24 (i) Are exclusively powered by a clean alternative fuel; or

25 (ii) Use at least one method of propulsion that is capable of
26 being reenergized by an external source of electricity and are
27 capable of traveling at least 30 miles using only battery power; and

28 (iii)(A) Have a vehicle selling price plus trade-in property of
29 like kind for purchased vehicles that:

30 (I) For a vehicle that is a new vehicle at the time of the
31 purchase date or the date the lease agreement was signed, does not
32 exceed \$45,000; or

33 (II) For a vehicle that is a used vehicle at the time of the
34 purchase date or the date the lease agreement was signed, does not
35 exceed \$30,000; or

36 (B) Have a fair market value at the inception of the lease for
37 leased vehicles that:

1 (I) For a vehicle that is a new vehicle at the time of the
2 purchase date or the date the lease agreement was signed, does not
3 exceed \$45,000; or

4 (II) For a vehicle that is a used vehicle at the time of the
5 purchase date or the date the lease agreement was signed, does not
6 exceed \$30,000;

7 (b) (i) The exemption in this section is applicable for up to the
8 amounts specified in (b) (ii) or (iii) of this subsection of:

9 (A) The total amount of the vehicle's selling price, for sales
10 made; or

11 (B) The total lease payments made plus any additional selling
12 price of the leased vehicle if the original lessee purchases the
13 leased vehicle before the qualification period end date, for lease
14 agreements signed.

15 (ii) Based on the purchase date or the date the lease agreement
16 was signed of the vehicle if the vehicle is a new vehicle at the time
17 of the purchase date or the date the lease agreement was signed:

18 (A) From the qualification period start date until July 31, 2021,
19 the maximum amount eligible under (b) (i) of this subsection is
20 \$25,000;

21 (B) From August 1, 2021, until July 31, 2023, the maximum amount
22 eligible under (b) (i) of this subsection is \$20,000;

23 (C) From August 1, 2023, until July 31, 2025, the maximum amount
24 eligible under (b) (i) of this subsection is \$15,000.

25 (iii) If the vehicle is a used vehicle at the time of the
26 purchase date or the date the lease agreement was signed, the maximum
27 amount eligible under (b) (i) of this subsection is \$16,000.

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

1 (3) (a) The department of licensing must maintain and publish a
2 list of all vehicle models qualifying for the tax exemptions under
3 this section or RCW 82.12.9999 until the expiration date of this
4 section, and is authorized to issue final rulings on vehicle model
5 qualification for these criteria. A seller is not responsible for
6 repayment of the tax exemption under this section and RCW 82.12.9999
7 for a vehicle if the department of licensing's published list of
8 qualifying vehicle models on the purchase date or the date the lease
9 agreement was signed includes the vehicle model and the department of
10 licensing subsequently removes the vehicle model from the published
11 list, and, if applicable, the vehicle meets the qualifying criterion
12 under subsection (1) (a) (iii) (B) of this section and RCW
13 82.12.9999(1) (a) (iii) (B).

14 (b) The department of revenue retains responsibility for
15 determining whether a vehicle meets the applicable qualifying
16 criterion under subsection (1) (a) (iii) (B) of this section and RCW
17 82.12.9999(1) (a) (iii) (B).

18 (4) By the last day of October 2019, and every six months
19 thereafter until (~~this section expires~~) October 31, 2025, based on
20 the best available data, the department must report the following
21 information to the transportation committees of the legislature: The
22 cumulative number of vehicles that qualified for the exemption under
23 this section and RCW 82.12.9999 by month of purchase or lease start
24 and vehicle make and model; the dollar amount of all state retail
25 sales and use taxes exempted on or after the qualification period
26 start date, under this section and RCW 82.12.9999; and estimates of
27 the future costs of leased vehicles that qualified for the exemption
28 under this section and RCW 82.12.9999.

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

31 (a) "Clean alternative fuel" means natural gas, propane,
32 hydrogen, or electricity, when used as a fuel in a motor vehicle that
33 meets the California motor vehicle emission standards in Title 13 of
34 the California Code of Regulations, effective January 1, 2019, and
35 the rules of the Washington state department of ecology.

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

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

40 (d) "Qualification period end date" means August 1, 2025.

1 (e) "Qualification period start date" means August 1, 2019.

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

3 (6) (a) Sales of vehicles delivered to the buyer or leased
4 vehicles for which the lease agreement was signed after the
5 qualification period end date do not qualify for the exemption under
6 this section.

7 (b) All leased vehicles that qualified for the exemption under
8 this section before the qualification period end date must continue
9 to receive the exemption as described under subsection (1)(b) of this
10 section on any lease payments due through the remainder of the lease
11 before August 1, 2028.

12 (7) This section expires August 1, 2028.

13 (8) This section is supported by the revenues generated in RCW
14 46.17.324, and therefore takes effect only if RCW 46.17.324 is
15 enacted by June 30, 2019.

16 **PART III: LUXURY TAXES ON AIRCRAFT**

17 **Sec. 301.** RCW 82.48A.010 and 2025 c 417 s 207 are each amended
18 to read as follows:

19 (1) (a) In addition to taxes required under chapters 82.08, 82.12,
20 and 82.48 RCW, there is levied and collected an additional 10 percent
21 luxury aircraft tax on the retail sale of a noncommercial aircraft
22 if:

23 (i) The selling price of the noncommercial aircraft plus trade-in
24 property of like kind for purchased aircraft exceeds \$500,000; or

25 (ii) In the case of a lease requiring periodic payments, the
26 (~~fair market~~) value of the noncommercial aircraft exceeds \$500,000
27 at the inception of the lease.

28 (b) The additional tax imposed in this subsection only applies to
29 the portion of the sum of the selling price plus trade-in property of
30 like kind in excess of \$500,000, or in the case of a lease requiring
31 periodic payments, the (~~fair market~~) value of the noncommercial
32 aircraft in excess of \$500,000 at the inception of the lease.

33 (2) For purposes of this section, (~~"noncommercial"~~) the
34 following definitions apply:

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

37 (b) "Noncommercial aircraft" means any aircraft as defined in RCW
38 82.48.010, but does not include:

1 ~~((a))~~ (i) Aircraft exempt from taxes under RCW 82.48.100; and
2 ~~((b))~~ (ii) "Commercial airplane" as defined in RCW 82.32.550.
3 (c) "Retail sale" and "selling price" have the same meaning as in
4 RCW 82.08.010.
5 (d) "Value of the noncommercial aircraft" means the fair market
6 value of the noncommercial aircraft plus the value of trade-in
7 property of like kind.

8 **Sec. 302.** RCW 82.48A.020 and 2025 c 417 s 208 are each amended
9 to read as follows:

10 (1) (a) In addition to taxes required under chapters 82.08, 82.12,
11 and 82.48 RCW, there is levied and collected from every person in
12 this state a tax for the privilege of using within this state as a
13 consumer any noncommercial aircraft if the value of the noncommercial
14 aircraft exceeds \$500,000.

15 (b) The tax is levied and must be collected in an amount equal to
16 the value of the noncommercial aircraft that exceeds \$500,000,
17 multiplied by 10 percent.

18 (2) The tax imposed in this section does not apply if the sale
19 to, or the use by, the present user or his or her bailor or donor has
20 already been subjected to the tax under this section or RCW
21 82.48A.010 and the tax has been paid by the present user or by his or
22 her bailor or donor.

23 (3) The tax imposed in this section does not apply in respect to
24 the use by a nonresident of Washington of a noncommercial aircraft,
25 which is registered or licensed under the laws of the state of his or
26 her residence.

27 (4) For the purposes of this section, (~~"value"~~) the following
28 definitions apply:

29 (a) "Consumer" has the same meaning as in RCW 82.08.010.

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

32 (c) "Noncommercial aircraft" has the same meaning as in RCW
33 82.48A.010.

34 (d) "Use" and "using" have the same meaning as in RCW 82.12.010.

35 (e) "Value of the noncommercial aircraft" means the fair market
36 value of the noncommercial aircraft~~(. In the case of a leased~~
37 ~~noncommercial aircraft in which the consumer is required to make~~
38 ~~periodic lease payments, "value" of the aircraft means the fair~~

1 ~~market value of the aircraft at the inception of the lease)) plus the~~
2 ~~value of trade-in property of like kind.~~

3 **PART IV: MISCELLANEOUS**

4 **Tow Truck Impounds**

5 **Sec. 401.** 2025 c 417 s 1406 (uncodified) is amended to read as
6 follows:

7 Sections 1307 through 1309 of this act take effect (~~February 1,~~
8 ~~2026~~) July 1, 2027.

9 **Tire Disposal Fee**

10 **Sec. 402.** RCW 70A.205.405 and 2025 c 417 s 301 are each amended
11 to read as follows:

12 (1) There is levied a \$5 per tire fee on the retail sale of new
13 replacement vehicle tires. The fee imposed in this section must be
14 paid by the buyer to the seller, and each seller shall collect from
15 the buyer the full amount of the fee. The fee collected from the
16 buyer by the seller less the (~~ten percent~~) amount retained by the
17 seller as provided in RCW 70A.205.430(1) must be paid to the
18 department of revenue in accordance with RCW 82.32.045.

19 (2) The department of revenue shall incorporate into the agency's
20 regular audit cycle a reconciliation of the number of tires sold and
21 the amount of revenue collected by the businesses selling new
22 replacement vehicle tires at retail. The department of revenue shall
23 collect on the business excise tax return from the businesses selling
24 new replacement vehicle tires at retail:

25 (a) The number of tires sold; and

26 (b) The fee levied in this section.

27 (3) All other applicable provisions of chapter 82.32 RCW have
28 full force and application with respect to the fee imposed under this
29 section. The department of revenue shall administer this section.

30 (4) For the purposes of this section, "new replacement vehicle
31 tires" means tires that are newly manufactured for vehicle purposes
32 and does not include retreaded vehicle tires.

33 **PART V: EFFECTIVE DATES AND OTHER MISCELLANEOUS PROVISIONS**

1 NEW SECTION. **Sec. 501.** Section 401 of this act is necessary for
2 the immediate preservation of the public peace, health, or safety, or
3 support of the state government and its existing public institutions,
4 and takes effect immediately.

5 NEW SECTION. **Sec. 502.** Sections 203, 204, 301, and 302 of this
6 act are necessary for the immediate preservation of the public peace,
7 health, or safety, or support of the state government and its
8 existing public institutions, and take effect April 1, 2026.

9 NEW SECTION. **Sec. 503.** Sections 101, 102, 201, and 202 of this
10 act take effect July 1, 2026.

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