

# HOUSE BILL REPORT

## HB 1118

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### As Reported By House Committee On:

Finance

**Title:** An act relating to excise tax exemptions for electric vehicles.

**Brief Description:** Providing sales and use tax exemptions for electric vehicles.

**Sponsors:** Representative Pennington.

### Brief History:

#### Committee Activity:

Finance: 2/2/99, 3/4/99 [DPS].

### Brief Summary of Substitute Bill

- Exempts electric vehicles from motor vehicle excise tax.

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## HOUSE COMMITTEE ON FINANCE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Dunshee, Democratic Co-Chair; Thomas, Republican Co-Chair; Reardon, Democratic Vice Chair; Cairnes; Conway; Cox; Dickerson; Pennington; Santos; Van Luven and Veloria.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Carrell, Republican Vice Chair.

**Staff:** Rick Peterson (786-7150).

### Background:

The state imposes an annual excise tax for the privilege of using a motor vehicle on the highways of the state. This tax is called the motor vehicle excise tax. The tax rate for automobiles is 2.2 percent of value. The value is based on the manufacturer's suggested retail price. The revenue is used for a variety of local government purposes and transportation related purposes.

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**Summary of Substitute Bill:**

Electric vehicles, including hybrid electric vehicles, are exempt from the motor vehicle excise tax. Vehicles eligible for the exemption must have four wheels and be manufactured primarily for use on the public streets. The tax exemption ends on July 1, 2005.

**Substitute Bill Compared to Original Bill:** The substitute bill changed from a sales and use tax exemption to a motor vehicle excise tax exemption, clarified that hybrid vehicles are included in the exemption, and extended the sunset date from July 1, 2003 to July 1, 2005.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect on August 1, 1999.

**Testimony For:** (Original bill) These cars are the wave of the future. The objective is to encourage the introduction of these vehicles into Washington. The bill gives environmentally conscious car owners a tax break.

**Testimony Against:** None.

**Testified:** Representative Pennington, prime sponsor.