
Transportation Committee

HB 1467

Brief Description: Providing incentives for the purchase of hybrid and fuel cell vehicles.

Sponsors: Representatives Ericksen and Anderson.

Brief Summary of Bill

- The sales tax rate for hybrid and fuel cell powered vehicles is reduced from 6.5 percent to 3.2 percent and the revenues are redirected from the general fund to the multimodal transportation account.

Hearing Date: 2/10/03

Staff: Gene Baxstrom (786-7303).

Background:

The state sales and use tax of 6.5 percent is applied to the sale of motor vehicles. If vehicles are traded in, the sales tax is applied to the sales price, less trade-in value. Sales tax proceeds are deposited into the general fund.

Fuel cells convert chemical energy directly into electricity. Fuel cells are suggested as an alternative to the internal combustion engine as a future means to power passenger vehicles and trucks. There are currently no production fuel cell vehicles on the market.

Hybrid vehicles typically combine a smaller displacement internal combustion engine with electric motors. The combustion engine provides both motive power and charges the batteries. The batteries provide propulsion, and/or supplement propulsion for accelerating the vehicle. These vehicles typically cost \$3000 to \$4000 more than comparable vehicles. In 2002, 36,000 hybrid vehicles were sold in the United States and sales of this type are forecast to grow significantly this decade.

Monies in the multimodal transportation account may be used for any transportation purpose.

Summary of Bill:

Fuel cell and hybrid vehicles are defined.

The state sales tax on fuel cell and hybrid vehicles is reduced from 6.5 percent to 3.2 percent. The proceeds from the tax are redirected from the state's general fund to the state's multimodal transportation account.

Appropriation: None.

Fiscal Note: January 5, 2003.

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