
SECOND SUBSTITUTE HOUSE BILL 2823

State of Washington 58th Legislature 2004 Regular Session

By House Committee on Finance (originally sponsored by Representatives Sullivan, Cooper, Hunt, Upthegrove, Linville, Murray, G. Simpson, Chase and Kagi)

READ FIRST TIME 02/10/04.

1 AN ACT Relating to providing incentives to reduce air pollution and
2 improve energy security through the use of alternative fuel vehicles;
3 adding new sections to chapter 82.04 RCW; adding a new section to
4 chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; creating
5 a new section; providing an effective date; and providing an expiration
6 date.

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

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
9 to read as follows:

10 (1) Persons who are taxable under this chapter may take a credit
11 for the purchase, or the lease for a period of at least three years, of
12 new alternative fuel vehicles, if the vehicles are exclusively used in
13 business operations. The credit is based upon the following schedule:

14 VEHICLE TONNAGE CREDIT

1	Less than 10,000 pounds	30 percent of the cost or
2	gross vehicle weight	\$5,000, whichever is
3		less
4	10,000 pounds or more	30 percent of the cost or
5	gross vehicle weight	\$25,000, whichever is
6		less

7 (2) For the purposes of this section, "alternative fuel vehicles"
8 means a motor vehicle, as defined in RCW 46.04.320, originally designed
9 and equipped by the manufacturer to operate: (a) Exclusively on
10 hydrogen or electricity; or (b) as a fuel cell vehicle. For purposes
11 of this subsection, "fuel cell vehicle" is defined as a vehicle that
12 operates on an electric motor drawing current from combining hydrogen
13 and oxygen in an electrochemical process.

14 (3) The credit may not exceed the amount of tax that would
15 otherwise be due under this chapter. The credit may be accrued and
16 carried over until it is used. Refunds shall not be granted in place
17 of credits. The maximum amount of credit under this section that may
18 be claimed, by each person, for any calendar year shall not exceed five
19 hundred thousand dollars.

20 (4) Tax credit may not be claimed for expenditures that occurred
21 before the effective date of this section or expenditures that occur
22 after January 1, 2015.

23 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW
24 to read as follows:

25 (1) Persons who are taxable under this chapter may take a credit
26 for the costs expended for acquiring and installing alternative fuel
27 and electric vehicle recharging equipment, including alternative fuel
28 storage tanks. For purposes of this subsection, "alternative fuel"
29 means hydrogen. The credit is based upon the following schedule:

30 (a) Fifty percent of the costs incurred at facilities open to the
31 public not to exceed five hundred thousand dollars; and

32 (b) Twenty-five percent of the costs incurred at facilities not
33 open to the public not to exceed two hundred fifty thousand dollars.

34 (2) The credit may not exceed the amount of tax that would
35 otherwise be due under this chapter. The credit may be accrued and
36 carried over until it is used. Refunds shall not be granted in place

1 of credits. The maximum amount of credit under this section that may
2 be claimed, by each person, for any calendar year shall not exceed two
3 million dollars.

4 (3) Tax credit may not be claimed for expenditures that occurred
5 before the effective date of this section or expenditures that occur
6 after January 1, 2015.

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

9 (1) The tax levied by RCW 82.08.020 does not apply to sales of
10 machinery and equipment, or to services rendered in respect to
11 constructing structures, installing, constructing, repairing,
12 decorating, altering, or improving of structures or machinery and
13 equipment, or to sales of tangible personal property that becomes an
14 ingredient or component of structures or machinery and equipment, if
15 the machinery, equipment, or structure is used directly for the retail
16 sale of hydrogen for use in a motor vehicle or is used for the
17 recharging of an electric vehicle.

18 (2) A person taking the exemption under this section must keep
19 records necessary for the department to verify eligibility under this
20 section. The exemption is available only when the buyer provides the
21 seller with an exemption certificate in the form and manner prescribed
22 by the department. The seller shall retain a copy of the certificate
23 for the seller's files.

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

26 The provisions of this chapter do not apply in respect to the use
27 of machinery and equipment, or to services rendered in respect to
28 installing, repairing, altering, or improving of eligible machinery and
29 equipment, or tangible personal property that becomes an ingredient or
30 component of machinery and equipment used directly for the retail sale
31 of hydrogen or a blend of natural gas and hydrogen for use in a motor
32 vehicle or used for the recharging of an electric vehicle.

33 NEW SECTION. **Sec. 5.** (1) The legislature finds that
34 accountability and effectiveness are important aspects of setting tax

1 policy. In order to make policy choices regarding the best use of
2 limited state resources the legislature needs information to evaluate
3 whether the stated goals of legislation were achieved.

4 (2) The goal of the alternative fuel vehicle and electric vehicle
5 tax incentives in sections 1 through 4 of this act is to encourage the
6 use of alternative fuel vehicles and electric vehicles and to encourage
7 development of fueling and recharge stations. The goal of this tax
8 credit is achieved when the total number of alternative fuel vehicles
9 and electric vehicles exceeds five percent of the total number of motor
10 vehicles, as defined in RCW 46.04.320, that are registered in
11 Washington state.

12 NEW SECTION. **Sec. 6.** Sections 1 through 4 of this act expire
13 January 1, 2015.

14 NEW SECTION. **Sec. 7.** This act takes effect July 1, 2004.

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