

HOUSE BILL REPORT

SSB 6512

As Reported by House Committee On:
Finance

Title: An act relating to enhancing air quality at truck stops.

Brief Description: Enhancing air quality at truck stops.

Brief History:

Committee Activity:

Finance: 2/23/06, 2/27/06 [DP].

Brief Summary of Substitute Bill

- Provides business and occupation and sales and use tax incentives for equipment designed to convey auxiliary power to idling heavy duty vehicles.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 9 members: Representatives McIntire, Chair; Hunter, Vice Chair; Orcutt, Ranking Minority Member; Roach, Assistant Ranking Minority Member; Ahern, Ericks, Hasegawa, Santos and Shabro.

Staff: Mark Matteson (786-7145).

Background:

The air quality around idling heavy duty diesel vehicles is known to contribute to unhealthy conditions by releasing volatile organic compounds, carbon monoxide, carbon dioxide, nitrogen oxides, and particulates. These idling vehicles also contribute to driver fatigue through exposure to noise, vibration, and elevated levels of carbon monoxide and other pollutants.

Several states have begun programs to provide infrastructure to support the electrification of truck stops. The programs alleviate the need for trucks to idle for long periods of time. These projects are generally of two types, "on-board" and "stand-alone" electrification projects.

On-board electrification projects require the truck or vessel to be equipped with the necessary components to accept electrical power. Stand-alone projects provide an independent system that supplies the vehicle's needs for heating, ventilation, and air conditioning without modification to the vehicle.

The business and occupation (B&O) tax is Washington's major business tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state. The state retail sales tax rate is 6.5 percent and is imposed on the retail sale of most items of tangible personal property and some services. The use tax is imposed on the use of an item in this state when the acquisition of the item has not been subject to sales tax. Use tax is equal to the sales tax rate multiplied by the value of the property used.

Summary of Bill:

A business and occupation tax deduction is provided for amounts received from the retail sale, lease, or rental of auxiliary power to heavy duty diesel vehicles through on-board or stand-alone electrification systems.

A sales and use tax exemption applies to sales and use of machinery and equipment integral and necessary for the retail sales, lease, or rental of auxiliary power to heavy duty diesel vehicles through on-board or stand-alone electrification systems. An exemption is also provided for charges made for labor and services with respect to the construction of these facilities.

Sales and use tax exemptions are also provided for parts and labor necessary to enable heavy duty diesel trucks to accept power for onboard electrification systems.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which the bill is passed.

Testimony For: This is a very small proposal in scope. I'm not usually in favor of tax exemptions, but this combines good environmental, business, and tax policy. It encourages clean air through reduced emissions at truck stops by providing a temporary tax exemption to encourage long-haul truck plug-ins to avoid idling. There is an incentive to truckers to buy the necessary equipment to properly outfit the cabs. Truckers often idle overnight in order to keep their cabins warm. There are legitimate reasons to do so. But if we can encourage an alternative through this exciting new technology, we can improve people's health. Diesel exhaust is highly toxic.

Testimony Against: None.

Persons Testifying: Senator Fraser, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.