
HOUSE BILL 1645

State of Washington

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By Representatives B. Sullivan, Holmquist, Upthegrove, Dickerson, Blake, Kristiansen, Linville, Lantz, Morris, Orcutt, Lovick, Campbell, Chase, Nixon, Williams, Wood, Schual-Berke, Ormsby, Rodne, Sells, Hinkle, Simpson, Kagi, Schindler, Morrell, Kenney, P. Sullivan, Clibborn, Tom, Cody, O'Brien and Kilmer

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1 AN ACT Relating to incentives for the use of clean-burning
2 alternative fuels and equipment in student transportation programs;
3 amending RCW 82.38.080; adding new sections to chapter 82.08 RCW;
4 adding new sections to chapter 82.12 RCW; providing an effective date;
5 and declaring an emergency.

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

7 **Sec. 1.** RCW 82.38.080 and 1998 c 176 s 60 are each amended to read
8 as follows:

9 (1) There is exempted from the tax imposed by this chapter, the use
10 of fuel for:

11 (a) Street and highway construction and maintenance purposes in
12 motor vehicles owned and operated by the state of Washington, or any
13 county or municipality;

14 (b) Publicly owned fire fighting equipment;

15 (c) Special mobile equipment as defined in RCW 46.04.552;

16 (d) Power pumping units or other power take-off equipment of any
17 motor vehicle which is accurately measured by metering devices that
18 have been specifically approved by the department or which is
19 established by any of the following formulae:

1 (i) Pumping propane, or fuel or heating oils or milk picked up from
2 a farm or dairy farm storage tank by a power take-off unit on a
3 delivery truck, at a rate determined by the department: PROVIDED, That
4 claimant when presenting his or her claim to the department in
5 accordance with this chapter, shall provide to the claim, invoices of
6 propane, or fuel or heating oil delivered, or such other appropriate
7 information as may be required by the department to substantiate his or
8 her claim;

9 (ii) Operating a power take-off unit on a cement mixer truck or a
10 load compactor on a garbage truck at the rate of twenty-five percent of
11 the total gallons of fuel used in such a truck; or

12 (iii) The department is authorized to establish by rule additional
13 formulae for determining fuel usage when operating other types of
14 equipment by means of power take-off units when direct measurement of
15 the fuel used is not feasible. The department is also authorized to
16 adopt rules regarding the usage of on board computers for the
17 production of records required by this chapter;

18 (e) Motor vehicles owned and operated by the United States
19 government;

20 (f) Heating purposes;

21 (g) Moving a motor vehicle on a public highway between two pieces
22 of private property when said moving is incidental to the primary use
23 of the motor vehicle;

24 (h) Transportation services for persons with special transportation
25 needs by a private, nonprofit transportation provider regulated under
26 chapter 81.66 RCW;

27 (i) Vehicle refrigeration units, mixing units, or other equipment
28 powered by separate motors from separate fuel tanks; and

29 (j) The operation of a motor vehicle as a part of or incidental to
30 logging operations upon a highway under federal jurisdiction within the
31 boundaries of a federal area if the federal government requires a fee
32 for the privilege of operating the motor vehicle upon the highway, the
33 proceeds of which are reserved for constructing or maintaining roads in
34 the federal area, or requires maintenance or construction work to be
35 performed on the highway for the privilege of operating the motor
36 vehicle on the highway.

37 (2) There is exempted from the tax imposed by this chapter the

1 removal or entry of special fuel under the following circumstances and
2 conditions:

3 (a) If it is the removal from a terminal or refinery of, or the
4 entry or sale of, a special fuel if all of the following apply:

5 (i) The person otherwise liable for the tax is a licensee other
6 than a dyed special fuel user or international fuel tax agreement
7 licensee;

8 (ii) For a removal from a terminal, the terminal is a licensed
9 terminal; and

10 (iii) The special fuel satisfies the dyeing and marking
11 requirements of this chapter;

12 (b) If it is an entry or removal from a terminal or refinery of
13 taxable special fuel transferred to a refinery or terminal and the
14 persons involved, including the terminal operator, are licensed; and

15 (c)(i) If it is a special fuel that, under contract of sale, is
16 shipped to a point outside this state by a supplier by means of any of
17 the following:

18 (A) Facilities operated by the supplier;

19 (B) Delivery by the supplier to a carrier, customs broker, or
20 forwarding agent, whether hired by the purchaser or not, for shipment
21 to the out-of-state point;

22 (C) Delivery by the supplier to a vessel clearing from port of this
23 state for a port outside this state and actually exported from this
24 state in the vessel.

25 (ii) For purposes of this subsection (2)(c):

26 (A) "Carrier" means a person or firm engaged in the business of
27 transporting for compensation property owned by other persons, and
28 includes both common and contract carriers; and

29 (B) "Forwarding agent" means a person or firm engaged in the
30 business of preparing property for shipment or arranging for its
31 shipment.

32 (3) Notwithstanding any provision of law to the contrary, every
33 urban passenger transportation system and carriers as defined by
34 chapters 81.68 and 81.70 RCW shall be exempt from the provisions of
35 this chapter requiring the payment of special fuel taxes. For the
36 purposes of this section "urban passenger transportation system" means
37 every transportation system, publicly or privately owned, having as its
38 principal source of revenue the income from transporting persons for

1 compensation by means of motor vehicles and/or trackless trolleys, each
2 having a seating capacity for over fifteen persons over prescribed
3 routes in such a manner that the routes of such motor vehicles and/or
4 trackless trolleys, either alone or in conjunction with routes of other
5 such motor vehicles and/or trackless trolleys subject to routing by the
6 same transportation system, shall not extend for a distance exceeding
7 twenty-five road miles beyond the corporate limits of the county in
8 which the original starting points of such motor vehicles are located:
9 PROVIDED, That no refunds or credits shall be granted on special fuel
10 used by any urban transportation vehicle or vehicle operated pursuant
11 to chapters 81.68 and 81.70 RCW on any trip where any portion of said
12 trip is more than twenty-five road miles beyond the corporate limits of
13 the county in which said trip originated.

14 (4)(a) Notwithstanding any provision of law to the contrary, every
15 student transportation program, whether operated by a school district
16 or a commercial chartered bus service, is exempt from the provisions of
17 this chapter requiring the payment of special fuel taxes on the
18 biodiesel fuel portion of a biodiesel blend, on natural gas, and on
19 liquefied petroleum gas.

20 (b) For the purposes of this section, the following definitions
21 apply:

22 (i) "Biodiesel fuel" means a mono alkyl ester of long chain fatty
23 acids derived from vegetable oils or animal fats for use in
24 compression-ignition engines and that meets the requirements of the
25 American society of testing and materials specification D 6751 in
26 effect as of January 1, 2003.

27 (ii) "Biodiesel blend" means fuel that contains at least twenty
28 percent biodiesel fuel by volume.

29 NEW SECTION. Sec. 2. A new section is added to chapter 82.08 RCW
30 to read as follows:

31 (1) The tax levied by RCW 82.08.020 does not apply to sales of new
32 alternative fuel vehicles to be used as part of a student
33 transportation program, whether operated by a school district or a
34 commercial chartered bus service.

35 (2) The tax levied by RCW 82.08.020 does not apply to sales of
36 tangible personal property, or for labor and services rendered in

1 respect to installing, constructing, repairing, cleaning, decorating,
2 altering, or improving the property, if:

3 (a) The property is used to convert vehicles for the purpose of
4 operating on alternative fuels;

5 (b) The conversion is performed on a vehicle or engine for which a
6 United States environmental protection agency certificate of conformity
7 or a certification from the California air resources board has been
8 issued for the model year and exhaust and evaporative emissions test
9 groups of the vehicle or engine; and

10 (c) The vehicles are used as part of a student transportation
11 program, whether operated by a school district or a commercial
12 chartered bus service.

13 (3) For the purposes of this section, the following definitions
14 apply:

15 (a) "Alternative fuel" means natural gas (compressed or liquid) or
16 liquefied petroleum gas (commonly called propane).

17 (b) "New alternative fuel vehicle" means a new motor vehicle, as
18 defined in RCW 46.96.020, originally designed and equipped by the
19 manufacturer to operate exclusively on an alternative fuel.

20 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12 RCW
21 to read as follows:

22 (1) The provisions of this chapter do not apply in respect to the
23 use of new alternative fuel vehicles to be used as part of a student
24 transportation program, whether operated by a school district or a
25 commercial chartered bus service.

26 (2) The provisions of this chapter do not apply in respect to the
27 use of tangible personal property, or of labor and services rendered in
28 respect to installing, constructing, repairing, cleaning, decorating,
29 altering, or improving the property, if:

30 (a) The property is used to convert vehicles for the purpose of
31 operating on alternative fuels;

32 (b) The conversion is performed on a vehicle or engine for which a
33 United States environmental protection agency certificate of conformity
34 or a certification from the California air resources board has been
35 issued for the model year and exhaust and evaporative emissions test
36 groups of the vehicle or engine; and

1 (c) The vehicles are used as part of a student transportation
2 program, whether operated by a school district or a commercial
3 chartered bus service.

4 (3) For the purposes of this section, the definitions in section 2
5 of this act apply.

6 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.08 RCW
7 to read as follows:

8 (1) The tax levied by RCW 82.08.020 does not apply to sales of
9 emissions control equipment, or for labor and services rendered in
10 respect to installing, constructing, repairing, cleaning, decorating,
11 altering, or improving the equipment, if the equipment is used to
12 retrofit diesel vehicles that are used as part of a student
13 transportation program, whether operated by a school district or a
14 commercial chartered bus service.

15 (2) For the purposes of this section, "emissions control equipment"
16 means a device with an oxidation catalyst, particulate filter,
17 crankcase ventilation filter, or other means of reducing emissions from
18 diesel vehicles, and that has been verified under the federal
19 environmental protection agency's voluntary diesel retrofit program.

20 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.12 RCW
21 to read as follows:

22 (1) The provisions of this chapter do not apply in respect to the
23 use of emissions control equipment, or of labor and services rendered
24 in respect to installing, constructing, repairing, cleaning,
25 decorating, altering, or improving the equipment, if the equipment is
26 used to retrofit vehicles that are used as part of a student
27 transportation program, whether operated by a school district or a
28 commercial chartered bus service.

29 (2) For the purposes of this section, the definitions in section 4
30 of this act apply.

31 NEW SECTION. **Sec. 6.** This act is necessary for the immediate
32 preservation of the public peace, health, or safety, or support of the
33 state government and its existing public institutions, and takes effect

1 July 1, 2005.

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