

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

5 (c) The maximum amount of credit that may be claimed for each
6 calendar year by a person under this subsection (1) shall not exceed
7 five hundred thousand dollars.

8 (2)(a) In computing the tax under this chapter, a credit is allowed
9 for conversion costs incurred in modifying motor vehicles to use
10 alternative fuels, if the vehicles are exclusively used in business
11 operations and the conversion is performed on a vehicle or engine for
12 which a United States environmental protection agency certificate of
13 conformity or a certification from the California air resources board
14 has been issued for the model year and exhaust and evaporative
15 emissions test groups of the vehicle or engine.

16 (b) The credit in this subsection is based upon the following
17 schedule:

18	VEHICLE TONNAGE	CREDIT
19	Less than 10,000 pounds gross	80 percent of the conversion
20	vehicle weight	cost or \$5,000, whichever is
21		less
22	10,000 pounds or more gross	80 percent of the conversion
23	vehicle weight	cost or \$25,000, whichever is
24		less

25 (c) The maximum amount of credit that may be claimed for each
26 calendar year by a person under this subsection (2) shall not exceed
27 two hundred fifty thousand dollars.

28 (3)(a) In computing the tax under this chapter a credit is allowed,
29 if machinery and equipment is used directly for dispensing alternative
30 fuels into a motor vehicle, for the purchase of (i) the machinery and
31 equipment; (ii) labor and services rendered in respect to constructing,
32 installing, repairing, cleaning, decorating, altering, or improving the
33 machinery and equipment; or (iii) tangible personal property that
34 becomes an ingredient or component of the machinery and equipment.

35 (b) The credit is based upon the following schedule:

1 (i) Fifty percent of the costs incurred at facilities open to the
2 public, or five hundred thousand dollars, whichever is less; and

3 (ii) Twenty-five percent of the costs incurred at facilities not
4 open to the public, or two hundred fifty thousand dollars, whichever is
5 less.

6 (c) If the machinery and equipment are used for the retail sale of
7 an alternative fuel and for other purposes, the portion of the cost
8 that is eligible for credit under this subsection is the cost of the
9 portion of the machinery and equipment used directly for the retail
10 sale of an alternative fuel.

11 (d) The maximum amount of credit that may be claimed for each
12 calendar year by a person under this subsection (3) shall not exceed
13 two million dollars.

14 (4)(a) In computing the tax under this chapter, a credit is allowed
15 for the purchase of alternative fuels used in motor vehicles used
16 exclusively in business operations. The credit is equal to ten cents
17 for each gallon of alternative fuel purchased. In the case of gaseous
18 fuels, such as compressed natural gas, the credit shall be calculated
19 on a gasoline gallon equivalent basis. Where a blend of biodiesel fuel
20 and petroleum diesel fuel is used, only the biodiesel fuel portion of
21 the blend shall be eligible for the credit provided under this section.

22 (b) The maximum amount of credit that may be claimed for each
23 calendar year by a person under this subsection (4) shall not exceed
24 two hundred thousand dollars.

25 (5) Credits may not exceed the amount of tax that would otherwise
26 be due under this chapter. Credits may be accrued and carried over
27 until they are used. Refunds shall not be granted in place of credits.

28 (6) Credits may not be claimed for expenditures that occurred
29 before the effective date of this section or expenditures that occur
30 after the expiration date determined in section 5 of this act.

31 (7) Any person claiming a credit under this section shall file an
32 annual survey prescribed by the department which shall include the
33 amount of credit claimed under each subsection of this section, and
34 such additional information as the department may prescribe.

35 (8) For the purposes of this section, the following definitions
36 apply:

37 (a) "Alcohol fuel" means any alcohol made from a product other than

1 petroleum or natural gas, which is used alone or in combination with
2 gasoline or other petroleum products for use as a fuel for motor
3 vehicles, farm implements and machines, or implements of husbandry.

4 (b) "Alcohol fuel blend" means fuel that contains at least eighty-
5 five percent alcohol fuel by volume.

6 (c) "Alternative fuel" means natural gas, hydrogen, or a blend of
7 natural gas and hydrogen. For the purpose of subsection (2) of this
8 section, "alternative fuel" also means liquified petroleum gas or
9 electricity. For the purpose of subsection (3) of this section,
10 "alternative fuel" also means electricity. For the purpose of
11 subsection (4) of this section, "alternative fuel" also means biodiesel
12 fuel or alcohol fuel blends.

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

18 (e) "Conversion cost" means the sale of and charges made for
19 tangible personal property, and labor and services rendered in respect
20 to installing such property to modify a motor vehicle to operate on
21 alternative fuels.

22 (f) "Machinery and equipment" means industrial fixtures, devices,
23 and support facilities, including alternative fuel storage tanks, and
24 tangible personal property that becomes an ingredient or component
25 thereof, including repair parts and replacement parts that are integral
26 and necessary for the dispensing of alternative fuels into a motor
27 vehicle.

28 (g) "New alternative fuel vehicle" means a motor vehicle, as
29 defined in RCW 46.96.020, originally designed and equipped by the
30 manufacturer to operate: (i) Exclusively on natural gas, hydrogen, a
31 blend of hydrogen and natural gas, or electricity; or (ii) as a fuel
32 cell vehicle. For purposes of this subsection (8)(g), "fuel cell
33 vehicle" is defined as a vehicle that operates on an electric motor
34 drawing current from combining hydrogen and oxygen in an
35 electrochemical process.

36 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08 RCW
37 to read as follows:

1 (1) The tax levied by RCW 82.08.020 does not apply to sales of
2 natural gas vehicle fueling or refueling appliances and associated
3 accessories, or to labor and services rendered in respect to installing
4 such appliances and accessories.

5 (2) A person taking the exemption under this section must keep
6 records necessary for the department to verify eligibility under this
7 section. The exemption is available only when the buyer provides the
8 seller with an exemption certificate in the form and manner prescribed
9 by the department. The seller shall retain a copy of the certificate
10 for the seller's files.

11 (3) For the purposes of this section, "vehicle fueling appliance"
12 or "vehicle refueling appliance" means a self-contained natural gas
13 compressor package not containing storage, designed for the unattended
14 dispensing of natural gas, at a flow rate not in excess of ten standard
15 cubic feet per minute, into the fuel tank of a motor vehicle or into a
16 storage system for ultimate use in a motor vehicle and that is
17 certified and listed by an approved nationally recognized testing
18 laboratory.

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

21 (1) The provisions of this chapter do not apply in respect to the
22 use of natural gas vehicle fueling or refueling appliances and
23 associated accessories, or to services rendered in respect to
24 installing such appliances and accessories.

25 (2) For the purposes of this section, the definitions in section 2
26 of this act apply.

27 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.04 RCW
28 to read as follows:

29 In computing tax there may be deducted from the measure of tax
30 amounts received from the retail sale of natural gas, hydrogen, or a
31 blend of hydrogen and natural gas, for use in a motor vehicle.

32 NEW SECTION. **Sec. 5.** (1) This act expires the earlier of:

33 (a) January 1, 2015; or

34 (b) January 1st of the year following the first calendar year in
35 which, on the first day in November, the total number of alternative

1 fuel retail motor vehicle refueling facilities constructed after the
2 effective date of this act and that are open to the public is equal to
3 ten. The department of ecology shall provide the department of revenue
4 information necessary to make this determination.

5 (2) "Alternative fuel" means natural gas, hydrogen, or a blend of
6 natural gas and hydrogen.

7 NEW SECTION. **Sec. 6.** This act is necessary for the immediate
8 preservation of the public peace, health, or safety, or support of the
9 state government and its existing public institutions, and takes effect
10 July 1, 2005.

--- END ---