

SENATE BILL REPORT

SB 5736

As of February 10, 2009

Title: An act relating to sales and use tax preferences for electric vehicles and electric vehicle infrastructure.

Brief Description: Concerning sales and use tax preferences for electric vehicles and electric vehicle infrastructure.

Sponsors: Senators Rockefeller, Kohl-Welles, Pridemore, Berkey, Kastama, Shin, Jacobsen, Brandland, Hatfield, Keiser, McAuliffe and Kline.

Brief History:

Committee Activity: Environment, Water & Energy: 1/30/09.

SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

Staff: Jan Odano (786-7486)

Background: In the 2005 session, the Legislature created a new retail sales and use tax exemption for new motor vehicles that use clean alternative fuels, beginning January 1, 2009, and lasting for two years only. The exemption covers the acquisition of new passenger cars or trucks that meet the California motor vehicle emission standards as of January 2005, and that are powered exclusively by natural gas, propane, hydrogen, or electricity. The exemption also covers new passenger cars or trucks that operate on hybrid technology and that have a highway gasoline mileage rating estimated by the United States Environmental Protection Agency of at least 40 miles per gallon.

Summary of Bill: The exemption for new motor vehicles that use clean alternative fuels expires June 30, 2013. Clean alternative fuels means natural gas, propane, or hydrogen.

The sales tax exemption on the purchase of new electric vehicles is expanded and extended to June 30, 2013. It includes:

- vehicles using electricity as the primary source of power, including plug-in and hybrid plug-in electric vehicles;
- electric vehicle batteries; and
- electric vehicle infrastructure and installation, including battery charging and exchange stations.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Beginning in 2013, the purchase of electric vehicles receive a reduced state sales tax rate, as follows:

- 1.3 percent from June 2013 to June 2015;
- 2.6 percent from 2015 to 2017;
- 3.9 percent from 2017 to 2019;
- 5.2 percent from 2019 to 2021; and
- the full 6.5 percent rate thereafter.

Until June 30, 2013, there is a sales tax exemption on the sale of vehicles which become part of a vehicle fleet certified by the Puget Sound Clean Air Agency or similar recognized certifying agency as an Evergreen Fleet.

The sales tax exemption for vehicles using hybrid technology and having an estimated highway gasoline mileage rating of 40 mpg is repealed.

Appropriation: None.

Fiscal Note: Requested on January 27, 2009.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2009.