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**SUBSTITUTE SENATE BILL 5333**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** Senate Transportation (originally sponsored by Senators Mullet, Litzow, Hill, McCoy, Keiser, and Jayapal)

AN ACT Relating to clean alternative fuel vehicles; amending RCW 82.08.809 and 82.12.809; adding a new section to chapter 82.32 RCW; creating new sections; providing an effective date; providing an expiration date; and declaring an emergency.

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

NEW SECTION. **Sec.**  The legislature finds that clean alternative fuel vehicles will play a critical role in the transportation system of our state's future. The ability for a person to be assured that their vehicle can safely travel across the state is a key component in the continued development of a first-class transportation system. Electric vehicle charging infrastructure must be developed along critical transportation routes to provide citizens a safe and reliable method of travel that will not leave them stranded without adequate charging opportunities. Additionally, clean alternative fuel vehicles will play an important role in our state reaching air quality standards. The transportation sector is one of the largest air polluters in Washington and the expansion of the use of clean alternative fuel vehicles is a significant component in transitioning our vehicle fleets to a cleaner technology thereby reducing air pollution. Without an adequate electric vehicle charging infrastructure, it will be a difficult and slow transition. Our state needs to invest in the development of this critical transportation infrastructure to bring the vehicle fleet into the twenty-first century.

NEW SECTION. **Sec.**  This section is the tax preference performance statement for the tax preference contained in sections 3 and 4 of this act. The performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(1) The legislature categorizes the tax preference as one intended to induce certain designated behavior by taxpayers, as indicated in RCW 82.32.808(2)(a).

(2) It is the legislature's specific public policy objective to increase the use of clean alternative fuel vehicles in Washington. It is the legislature's intent to extend the existing sales and use tax exemption on clean alternative fuel vehicles in order to reduce the price charged to customers for clean alternative fuel vehicles.

(3) If a review finds that the number of clean alternative fuel vehicles in Washington have increased by twenty percent compared to the number at the time of enactment, then the legislature intends to extend the expiration date of the tax preference.

(4) In order to obtain the data necessary to perform the review in subsection (3) of this section, the department of licensing must provide data needed for the joint legislative audit and review committee analysis. In addition to the data source described under this subsection, the joint legislative audit and review committee may use any other data it deems necessary.

**Sec.**  RCW 82.08.809 and 2010 1st sp.s. c 11 s 2 are each amended to read as follows:

(1)(a) The tax levied by RCW 82.08.020 does not apply to ((~~sales~~)) the first forty thousand dollars in selling price of new passenger cars, light duty trucks, and medium duty passenger vehicles, which are exclusively powered by a clean alternative fuel.

(b) The tax levied by RCW 82.08.020 does not apply to ((~~sales~~)) the first forty thousand dollars in selling price of qualifying used passenger cars, light duty trucks, and medium duty passenger vehicles, which were modified after their initial purchase, with an EPA certified conversion to be exclusively powered by a clean alternative fuel. "Qualifying used passenger cars, light duty trucks, and medium duty passenger vehicles" means vehicles that:

(i) Are part of a fleet of at least five vehicles, all owned by the same person;

(ii) Have an odometer reading of less than thirty thousand miles;

(iii) Are less than two years past their original date of manufacture; and

(iv) Are being sold for the first time after modification.

(2) The seller must keep records necessary for the department to verify eligibility under this section.

(3) As used in this section, "clean alternative fuel" means natural gas, propane, hydrogen, or electricity, when used as a fuel in a motor vehicle that meets the California motor vehicle emission standards in Title 13 of the California code of regulations, effective January 1, 2005, and the rules of the Washington state department of ecology.

(4) This section expires July 1, ((~~2015~~)) 2021.

**Sec.**  RCW 82.12.809 and 2010 1st sp.s. c 11 s 3 are each amended to read as follows:

(1)(a) Until July 1, ((~~2015~~)) 2021, the provisions of this chapter do not apply in respect to the first forty thousand dollars of value on the use of new passenger cars, light duty trucks, and medium duty passenger vehicles, which are exclusively powered by a clean alternative fuel.

(b) Until July 1, ((~~2015~~)) 2021, the provisions of this chapter do not apply to the first forty thousand dollars of value on the use of qualifying used passenger cars, light duty trucks, and medium duty passenger vehicles, which were modified after their initial purchase with an EPA certified conversion to be exclusively powered by a clean alternative fuel. As used in this subsection, "qualifying used passenger cars, light duty trucks, and medium duty passenger vehicles" has the same meaning as provided in RCW 82.08.809.

(2) "Clean alternative fuel" has the same meaning as provided in RCW 82.08.809.

(3) A taxpayer is not liable for the tax imposed in RCW 82.12.020 on the first forty thousand dollars of value on the use, on or after July 1, ((~~2015~~)) 2021, of a passenger car, light duty truck, or medium duty passenger vehicle exclusively powered by a clean alternative fuel, if the taxpayer used such vehicle in this state before July 1, ((~~2015~~)) 2021, and the use was exempt under this section from the tax imposed in RCW 82.12.020.

NEW SECTION. **Sec.**  A new section is added to chapter 82.32 RCW to read as follows:

Each calendar quarter the department must determine the amount of the state sales tax collected from the sales of clean alternative vehicles powered by electricity. The month following each calendar quarter the department must notify the state treasurer of the amount of sales tax collected for the calendar quarter and the treasurer must transfer the amount from the general fund into the transportation innovative partnership account created in RCW 47.29.230 to be used solely for improving Washington's publicly accessible electric vehicle charging infrastructure.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2015.

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