

SHB 2778 - H AMD 749

By Representative Condotta

NOT ADOPTED 02/16/2016

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** This section is the tax preference
4 performance statement for the tax preferences contained in sections 2
5 and 3 of this act. The performance statement is only intended to be
6 used for subsequent evaluation of the tax preference. It is not
7 intended to create a private right of action by any party or be used
8 to determine eligibility for preferential tax treatment.

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

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

18 (3) To measure the effectiveness of the tax preferences in
19 sections 2 and 3 of this act in achieving the public policy
20 objectives described in subsection (2) of this section, the joint
21 legislative audit and review committee must evaluate the number of
22 clean alternative fuel vehicles registered in the state.

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

29 **Sec. 2.** RCW 82.08.809 and 2015 3rd sp.s. c 44 s 408 are each
30 amended to read as follows:

1 (1) Except as provided in subsection (4) of this section, the tax
2 levied by RCW 82.08.020 does not apply to sales of new passenger
3 cars, light duty trucks, and medium duty passenger vehicles, which
4 (a) are exclusively powered by a clean alternative fuel or (b) use at
5 least one method of propulsion that is capable of being reenergized
6 by an external source of electricity and are capable of traveling at
7 least thirty miles using only battery power.

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

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

16 (4)(a) A sale, other than a lease, made on or after July 1, 2016,
17 is not exempt from sales tax as described under subsection (1) of
18 this section ~~((if))~~ on the portion of the selling price of the
19 vehicle ~~((plus trade-in property of like kind))~~ that exceeds thirty-
20 five thousand dollars.

21 (b) For leased vehicles for which the lease agreement is signed
22 on or after July 1, 2016, lease payments are not exempt from sales
23 tax as described under subsection (1) of this section on the
24 percentage of each lease payment that corresponds to the amount of
25 the total fair market value of the vehicle being leased in excess of
26 thirty-five thousand dollars at the inception of the lease divided by
27 the total fair market value of the vehicle being leased at the
28 inception of the lease.

29 (c) For leased vehicles for which the lease agreement is signed
30 ~~((on or after))~~ between July 15, 2015, and June 30, 2016, lease
31 payments are not exempt from sales tax as described under subsection
32 (1) of this section if the fair market value of the vehicle being
33 leased exceeds thirty-five thousand dollars at the inception of the
34 lease. ~~((For the purposes of this subsection (4)(b), "fair market~~
35 ~~value" has the same meaning as "value of the article used" in RCW~~
36 ~~82.12.010.~~

37 ~~(e))~~ (d) For leased vehicles for which the lease agreement was
38 signed before July ~~((15))~~ 1, 2015, lease payments due on or after
39 July 1, 2016, are exempt from sales tax as described under subsection

1 (1) of this section regardless of the vehicle's fair market value at
2 the inception of the lease.

3 (e) For the purposes of this subsection (4), "fair market value"
4 has the same meaning as "value of the article used" in RCW 82.12.010,
5 except that "fair market value" also includes the value of trade-in
6 property of like kind.

7 (5) On the last day of January, April, July, and October of each
8 year, the state treasurer, based upon information provided by the
9 department, must transfer from the multimodal transportation account
10 to the general fund a sum equal to the dollar amount that would
11 otherwise have been deposited into the general fund during the prior
12 calendar quarter but for the exemption provided in this section.
13 Information provided by the department to the state treasurer must be
14 based on the best available data, except that the department may
15 provide estimates of taxes exempted under this section until such
16 time as retailers are able to report such exempted amounts on their
17 tax returns. For purposes of this section, the first transfer for the
18 calendar quarter after July 15, 2015, must be calculated assuming
19 only those revenues that should have been deposited into the general
20 fund beginning July 1, 2015.

21 (6) Lease payments due on or after July 1, 2019, are subject to
22 the taxes imposed under this chapter.

23 (7) This section expires July 1, 2019.

24 **Sec. 3.** RCW 82.12.809 and 2015 3rd sp.s. c 44 s 409 are each
25 amended to read as follows:

26 (1) Except as provided in subsection (4) of this section, until
27 July 1, 2019, the provisions of this chapter do not apply in respect
28 to the use of new passenger cars, light duty trucks, and medium duty
29 passenger vehicles, which (a) are exclusively powered by a clean
30 alternative fuel or (b) use at least one method of propulsion that is
31 capable of being reenergized by an external source of electricity and
32 are capable of traveling at least thirty miles using only battery
33 power.

34 (2) The definitions in RCW 82.08.809 apply to this section.

35 (3) A taxpayer is not liable for the tax imposed in RCW 82.12.020
36 on the use, on or after July 1, 2019, of a passenger car, light duty
37 truck, or medium duty passenger vehicle that is exclusively powered
38 by a clean alternative fuel or uses at least one method of propulsion
39 that is capable of being reenergized by an external source of

1 electricity and is capable of traveling at least thirty miles using
2 only battery power, if the taxpayer used such vehicle in this state
3 before July 1, 2019, and the use was exempt under this section from
4 the tax imposed in RCW 82.12.020.

5 (4)(a) For vehicles purchased on or after July 1, 2016, or for
6 leased vehicles for which the lease agreement was signed on or after
7 July 1, 2016, a vehicle is not exempt from use tax as described under
8 subsection (1) of this section on the portion of the fair market
9 value of the vehicle in excess of thirty-five thousand dollars or on
10 the percentage of each lease payment that corresponds to the amount
11 of the total fair market value of the vehicle being leased in excess
12 of thirty-five thousand dollars at the inception of the lease divided
13 by the total fair market value of the vehicle being leased at the
14 inception of the lease.

15 (b) For (~~vehicles purchased on or after July 15, 2015, or for~~)
16 leased vehicles for which the lease agreement was signed (~~on or~~
17 after)) between July 15, 2015, and June 30, 2016, a vehicle is not
18 exempt from use tax as described under subsection (1) of this section
19 if the fair market value of the vehicle exceeds thirty-five thousand
20 dollars (~~at the time the tax is imposed for purchased vehicles, or~~)
21 at the inception of the lease (~~for leased vehicles~~).

22 (~~(b)~~) (c) For leased vehicles for which the lease agreement was
23 signed before July (~~15~~) 1, 2015, lease payments due on or after
24 July 1, 2016, are exempt from use tax as described under subsection
25 (1) of this section regardless of the vehicle's fair market value at
26 the inception of the lease.

27 (5) On the last day of January, April, July, and October of each
28 year, the state treasurer, based upon information provided by the
29 department, must transfer from the multimodal transportation account
30 to the general fund a sum equal to the dollar amount that would
31 otherwise have been deposited into the general fund during the prior
32 calendar quarter but for the exemption provided in this section.
33 Information provided by the department to the state treasurer must be
34 based on the best available data. For purposes of this section, the
35 first transfer for the calendar quarter after July 15, 2015, must be
36 calculated assuming only those revenues that should have been
37 deposited into the general fund beginning July 1, 2015.

38 (6) Lease payments due on or after July 1, 2019, are subject to
39 the taxes imposed under this chapter.

1 NEW SECTION. **Sec. 4.** This act takes effect July 1, 2016."

2 Correct the title.

EFFECT: Makes the following changes to the alternative fuel vehicle retail sales and use tax exemption:

(1) Eliminates the price-based and fair market value-based thresholds for alternative fuel vehicle tax exemption qualification.

(2) Changes the end date when lease payments on qualifying vehicles (with lease agreements signed before July 1, 2019) are no longer eligible for the alternative fuel vehicle tax exemption from January 1, 2023, to July 1, 2019.

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