
Finance Committee

HB 1925

Brief Description: Extending the alternative fuel vehicle retail sales and use tax exemption.

Sponsors: Representatives Fitzgibbon and Peterson; by request of Governor Inslee.

Brief Summary of Bill

- Extends the alternative fuel vehicle retail sales and use tax exemption to July 1, 2023.
- Limits the exemption to the first \$60,000 of purchase price per vehicle.
- Requires the Joint Legislative Audit and Review Committee (JLARC) to evaluate the effectiveness of the tax preference as required in the public policy object.

Hearing Date: 2/23/15

Staff: Dominique Meyers (786-7150).

Background:

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Retail and Use Tax.

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services then use taxes apply to the value of property, digital products, or services when used in this state. The state, most cities, and all counties levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.1 percent, depending on the location.

Alternative Fuel Vehicles.

Alternative fuel vehicles include cars, trucks, motorcycles, and other modes of transportation powered by resources other than petroleum products. They often produce less pollution than similar gasoline or diesel powered vehicles. The federal government and Washington offer tax incentives to encourage consumers to purchase alternative fuel vehicles.

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.

Summary of Bill:

The expiration date for the sales and use tax exemption for alternative fuel vehicles is extended to July 1, 2025. The exemption is limited to the first \$60,000 of the purchase price of a qualifying vehicle.

Sellers that electronically file a tax return are required to report tax exemption amounts to the Department of Revenue.

The performance statement requires JLARC to analyze the increase of alternative fuel vehicles sold and compare the price of these tax exempt vehicles with regular fuel vehicles.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect July 1, 2015.