

SENATE BILL REPORT

SB 5357

As of January 27, 2015

Title: An act relating to clean alternative fuel motorcycles.

Brief Description: Concerning clean alternative fuel motorcycles.

Sponsors: Senators Jayapal, McCoy, Litzow, Mullet and Keiser.

Brief History:

Committee Activity: Transportation: 1/26/15.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Amanda Cecil (786-7429)

Background: The state, most cities, and all counties levy retail sales and use taxes upon most articles of tangible personal property, digital products, and some services. The state sales and use tax rate is 6.5 percent, which is deposited into the state general fund. There is an additional sales and use tax of 0.3 percent on the sale of motor vehicles that is deposited into the Multimodal Transportation Account and used for transportation purposes. Local sales and use tax rates vary from 0.5 percent to 3.1 percent, depending on the location.

In 2005 legislation was passed creating a sales and use tax exemption for new passenger cars, light duty trucks, and medium duty passenger vehicles that operate exclusively on clean alternative fuels. Clean alternative fuel is defined as natural gas, propane, hydrogen, or electricity. The bill did not take effect until 2009, and had an expiration date of 2011. In 2010 the Legislature extended the exemption for vehicles using clean alternative fuel until January 1, 2015. Additionally a provision was added that extended the exemption to a fleet of used vehicles that had been modified to run on clean alternative fuels.

In 2012 a \$100 fee was added to the registration renewal of vehicles powered exclusively by electricity, including motorcycles.

Summary of Bill: A sales and use tax exemption is created on the first \$45,000 of the selling price of a new motorcycle that is powered exclusively by clean alternative fuels. The sales and use tax exemption expires ten years after enactment. A tax preference statement is made.

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.

The electric vehicle fee on motorcycles is reduced from \$100 to \$25.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on January 1, 2016.

Staff Summary of Public Testimony: PRO: Electric motorcycles get hit with the worst of both worlds because they are subject to the \$100 electric vehicle fee and the sales tax that other electric-powered vehicles are currently exempt from. This is a small market but it provides options to people and makes electric motorcycles more affordable. An electric motorcycle is different than an electric car because they are not driven year round and would have paid much less in fuel tax if they had been gas powered. This is similar to a bill that was passed out of this committee last year. Most of the CO2 and other emissions from a vehicle comes from the fuel and not from other manufacturing processes. The lower long-term costs of electric vehicles allow consumers to spend more money in the local economy.

Persons Testifying: PRO: JJ McCoy, Legislative Director, Seattle Electric Vehicle Assn.; Representative Magendanz.