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HOUSE BILL 1925

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State of Washington

64th Legislature

2015 Regular Session

By Representatives Fitzgibbon and Peterson; by request of Governor Inslee

Read first time 02/02/15. Referred to Committee on Finance.

1 AN ACT Relating to extending the alternative fuel vehicle retail  
2 sales and use tax exemption; amending RCW 82.08.809 and 82.12.809;  
3 creating a new section; providing an effective date; providing an  
4 expiration date; and declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** (1) Alternative fuel vehicles cost more  
7 than comparable models of conventional fuel vehicles. The higher cost  
8 of alternative fuel vehicles incentivize consumers to purchase  
9 comparable models of conventional fuel vehicles. The federal  
10 government provides federal tax credits and, under current law,  
11 Washington provides a retail sales and use tax exemption on the  
12 purchase of new and qualifying used alternative fuel vehicles to  
13 incentivize consumers to purchase alternative fuel vehicles.  
14 Incentivizing consumers to purchase alternative fuel vehicles is an  
15 important step to reduce vehicle greenhouse gas emissions.

16 (2)(a) This subsection is the tax preference performance  
17 statement for the alternative fuel vehicle tax exemptions provided in  
18 RCW 82.08.809 and 82.12.809. The performance statement is only  
19 intended to be used for subsequent evaluation of the tax preference.  
20 It is not intended to create a private right of action by any party  
21 or be used to determine eligibility for preferential tax treatment.

1 (b) Tax preferences are intended to induce certain designated  
2 behavior by taxpayers and to improve industry competitiveness  
3 indicated in RCW 82.32.808(2) (a) and (b).

4 (c) The specific public policy objective is to provide a sales  
5 and use tax exemption to increase sales of alternative fuel vehicles  
6 to fifty thousand by 2020 and reduce the difference of average cost  
7 between comparable models of alternative fuel vehicles and  
8 conventional fuel vehicles.

9 (d) To measure the effectiveness of the exemption provided in  
10 this act in achieving the specific public policy objective described  
11 in (c) of this subsection, the joint legislative audit and review  
12 committee must, at minimum, evaluate the following:

13 (i) Changes in number of alternative fuel vehicles registered in  
14 Washington;

15 (ii) Changes in the cost of alternative fuel vehicles; and

16 (iii) Changes in the difference of average cost between  
17 comparable models of alternative fuel vehicles and conventional fuel  
18 vehicles.

19 (e)(i) The department of licensing and department of revenue must  
20 provide data needed for the joint legislative audit and review  
21 committee analysis in (d) of this subsection.

22 (ii) In addition to the data source described under (e)(i) of  
23 this subsection, the joint legislative audit and review committee may  
24 use any other data it deems necessary in performing the evaluation  
25 under (d) of this subsection.

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

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

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

1 (i) Are part of a fleet of at least five vehicles, all owned by  
2 the same person;  
3 (ii) Have an odometer reading of less than thirty thousand miles;  
4 (iii) Are less than two years past their original date of  
5 manufacture; and  
6 (iv) Are being sold for the first time after modification.

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

9 (3) For sellers who electronically file their taxes, the  
10 department must provide a separate tax reporting line for exemption  
11 amounts claimed under this section.

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

18 (4) This section expires July 1, ((2015)) 2025.

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

21 (1)(a) Until July 1, ((2015)) 2025, the provisions of this  
22 chapter do not apply in respect to the use of new passenger cars,  
23 light duty trucks, and medium duty passenger vehicles, which are  
24 exclusively powered by a clean alternative fuel.

25 (b) Until July 1, ((2015)) 2025, the provisions of this chapter  
26 do not apply to the use of qualifying used passenger cars, light duty  
27 trucks, and medium duty passenger vehicles, which were modified after  
28 their initial purchase with an EPA certified conversion to be  
29 exclusively powered by a clean alternative fuel. As used in this  
30 subsection, "qualifying used passenger cars, light duty trucks, and  
31 medium duty passenger vehicles" has the same meaning as provided in  
32 RCW 82.08.809.

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

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, ((2015)) 2025, of a passenger car,  
37 light duty truck, or medium duty passenger vehicle exclusively  
38 powered by a clean alternative fuel, if the taxpayer used such

1 vehicle in this state before July 1, (~~2015~~) 2025, and the use was  
2 exempt under this section from the tax imposed in RCW 82.12.020.

3 NEW SECTION. **Sec. 4.** This act is necessary for the immediate  
4 preservation of the public peace, health, or safety, or support of  
5 the state government and its existing public institutions, and takes  
6 effect July 1, 2015.

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