
HOUSE BILL 2613

State of Washington

64th Legislature

2016 Regular Session

By Representatives Condotta, Reykdal, Manweller, Fitzgibbon, Muri, MacEwen, Magendanz, Stokesbary, and Haler

Read first time 01/15/16. Referred to Committee on Transportation.

1 AN ACT Relating to retail sale and use tax exemptions for certain
2 clean alternative fuel and electrically powered vehicles; amending
3 RCW 82.08.809 and 82.12.809; creating a new section; and providing an
4 effective date.

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

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

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

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

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

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

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

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

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

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

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

34 (b) For leased vehicles for which the lease agreement is signed
35 on or after July 1, 2016, lease payments are not exempt from sales
36 tax as described under subsection (1) of this section on the
37 percentage of each lease payment that corresponds to the amount of
38 the total fair market value of the vehicle being leased in excess of
39 thirty-five thousand dollars at the inception of the lease divided by

1 the total fair market value of the vehicle being leased at the
2 inception of the lease.

3 (c) For leased vehicles for which the lease agreement is signed
4 ~~((on or after))~~ between July 15, 2015, and June 30, 2016, lease
5 payments are not exempt from sales tax as described under subsection
6 (1) of this section if the fair market value of the vehicle being
7 leased exceeds thirty-five thousand dollars at the inception of the
8 lease. ~~((For the purposes of this subsection (4)(b), "fair market~~
9 ~~value" has the same meaning as "value of the article used" in RCW~~
10 ~~82.12.010.~~

11 ~~(e))~~ (d) For leased vehicles for which the lease agreement was
12 signed before July ~~((15))~~ 1, 2015, lease payments due on or after
13 July 1, 2016, are exempt from sales tax as described under subsection
14 (1) of this section regardless of the vehicle's fair market value at
15 the inception of the lease.

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

20 (5) On the last day of January, April, July, and October of each
21 year, the state treasurer, based upon information provided by the
22 department, must transfer from the multimodal transportation account
23 to the general fund a sum equal to the dollar amount that would
24 otherwise have been deposited into the general fund during the prior
25 calendar quarter but for the exemption provided in this section.
26 Information provided by the department to the state treasurer must be
27 based on the best available data, except that the department may
28 provide estimates of taxes exempted under this section until such
29 time as retailers are able to report such exempted amounts on their
30 tax returns. For purposes of this section, the first transfer for the
31 calendar quarter after July 15, 2015, must be calculated assuming
32 only those revenues that should have been deposited into the general
33 fund beginning July 1, 2015.

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

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

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

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

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

10 (3) A taxpayer is not liable for the tax imposed in RCW 82.12.020
11 on the use, on or after July 1, 2019, of a passenger car, light duty
12 truck, or medium duty passenger vehicle that is exclusively powered
13 by a clean alternative fuel or uses at least one method of propulsion
14 that is capable of being reenergized by an external source of
15 electricity and is capable of traveling at least thirty miles using
16 only battery power, if the taxpayer used such vehicle in this state
17 before July 1, 2019, and the use was exempt under this section from
18 the tax imposed in RCW 82.12.020.

19 (4)(a) For vehicles purchased on or after July 1, 2016, or for
20 leased vehicles for which the lease agreement was signed on or after
21 July 1, 2016, a vehicle is not exempt from use tax as described under
22 subsection (1) of this section on the portion of the selling price of
23 the vehicle in excess of thirty-five thousand dollars or 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 ~~(b) For ((vehicles purchased on or after July 15, 2015, or for))~~
30 ~~leased vehicles for which the lease agreement was signed ((on or~~
31 ~~after)) between July 15, 2015, and June 30, 2016, a vehicle is not~~
32 exempt from use tax as described under subsection (1) of this section
33 if the fair market value of the vehicle exceeds thirty-five thousand
34 dollars ~~((at the time the tax is imposed for purchased vehicles, or))~~
35 at the inception of the lease ~~((for leased vehicles)).~~

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

1 (5) On the last day of January, April, July, and October of each
2 year, the state treasurer, based upon information provided by the
3 department, must transfer from the multimodal transportation account
4 to the general fund a sum equal to the dollar amount that would
5 otherwise have been deposited into the general fund during the prior
6 calendar quarter but for the exemption provided in this section.
7 Information provided by the department to the state treasurer must be
8 based on the best available data. For purposes of this section, the
9 first transfer for the calendar quarter after July 15, 2015, must be
10 calculated assuming only those revenues that should have been
11 deposited into the general fund beginning July 1, 2015.

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

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

--- END ---