

SHB 2995 - H AMD TO H AMD (H-5172.1/18) **1469**

By Representative Condotta

1 On page 42, after line 22 of the striking amendment, insert the
2 following:

3

4 "Sec. 22. RCW 82.08.809 and 2016 sp.s. c 32 s 2 are each
5 amended to read as follows:

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

13 (b) Beginning with sales made or lease agreements signed on or
14 after July 1, 2016, the exemption in this section is only applicable
15 for up to thirty-two thousand dollars of a vehicle's selling price
16 or the total lease payments made plus the selling price of the
17 leased vehicle if the original lessee purchases the leased vehicle
18 before the expiration of the exemption as described in subsection
19 (6) of this section.

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

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

1 (4)(a) A sale, other than a lease, of a vehicle identified in
2 subsection (1)(a) of this section made on or after July 15, 2015,
3 and before July 1, 2016, is not exempt from sales tax as described
4 under subsection (1) of this section if the selling price of the
5 vehicle plus trade-in property of like kind exceeds thirty-five
6 thousand dollars.

7 (b) A sale, other than a lease, of a vehicle identified in
8 subsection (1)(a) of this section made on or after July 1, 2016, and
9 before the expiration of the exemption as described in subsection
10 (6) of this section, is not exempt from sales tax as described under
11 subsection (1)(b) of this section if, at the time of sale, the
12 lowest manufacturer's suggested retail price, as determined in rule
13 by the department of licensing pursuant to chapter 34.05 RCW, for
14 the base model is more than forty-two thousand five hundred dollars.

15 (c) For leased vehicles for which the lease agreement was signed
16 before July 1, 2015, lease payments are exempt from sales tax as
17 described under subsection (1)(a) of this section regardless of the
18 vehicle's fair market value at the inception of the lease.

19 (d) For leased vehicles identified in subsection (1)(a) of this
20 section for which the lease agreement is signed on or after July 15,
21 2015, and before July 1, 2016, lease payments are not exempt from
22 sales tax if the fair market value of the vehicle being leased
23 exceeds thirty-five thousand dollars at the inception of the lease.
24 For the purposes of this subsection (4), "fair market value" has the
25 same meaning as "value of the article used" in RCW 82.12.010.

26 (e) For leased vehicles identified in subsection (1)(a) of this
27 section for which the lease agreement is signed on or after July 1,
28 2016, and before the expiration of the exemption as described in
29 subsection (6) of this section, lease payments are not exempt from
30 sales tax as described under subsection (1)(b) of this section if,
31 at the inception of the lease, the lowest manufacturer's suggested
32 retail price, as determined in rule by the department of licensing
33 pursuant to chapter 34.05 RCW, for the base model is more than
34 forty-two thousand five hundred dollars.

1 (f) The department of licensing must maintain and publish a list
2 of all vehicle models qualifying for the sales tax exemption under
3 this section until the expiration of the exemption as described in
4 subsection (6) of this section.

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

19 (6)(a) The exemption under this section expires, effective with
20 sales of vehicles delivered to the buyer or leased vehicles for
21 which the lease agreement was signed, after the last day of the
22 calendar month immediately following the month the department
23 receives notice from the department of licensing under subsection
24 (7)(b) of this section. All leased vehicles that qualified for the
25 exemption before the expiration of the exemption must continue to
26 receive the exemption as described under subsection (1)(b) of this
27 section on lease payments due through the remainder of the lease.

28 (b) Upon receiving notice from the department of licensing under
29 subsection (7)(b) of this section, the department must provide
30 notice as soon as is practicable on its web site of the expiration
31 date of the exemption under this section.

32 (c) For purposes of this subsection, even if the department of
33 licensing provides the department with notice under subsection
34 (7)(b) of this section before the end of the fifth working day of

1 the month notice is required, the notice is deemed to have been
2 received by the department at the end of the fifth working day of
3 the month notice is required.

4 (d) If, by the end of the fifth working day of May 2019, the
5 department has not received notice from the department of licensing
6 under subsection (7)(b) of this section, the exemption under this
7 section expires effective with sales of vehicles delivered to the
8 buyer or leased vehicles for which the lease agreement was signed
9 after June 30, 2019.

10 (e) Nothing in this subsection (6) may be construed to affect
11 the validity of any exemption properly allowed by a seller under
12 this section before the expiration of the exemption as described in
13 (a) of this subsection and reported to the department on returns
14 filed after the expiration of the exemption.

15 (f) Nothing in this subsection (6) may be construed to allow an
16 exemption under this section for the purchase of a qualifying
17 vehicle by the original lessee of the vehicle after the expiration
18 of the exemption as provided in (a) of this subsection.

19 (7)(a) By the end of the fifth working day of each month, until
20 the expiration of the exemption as described in subsection (6) of
21 this section, the department of licensing must determine the
22 cumulative number of qualifying vehicles titled on or after July 15,
23 2015, and provide notice of the cumulative number of these vehicles
24 to the department.

25 (b) The department of licensing must notify the department once
26 the cumulative number of qualifying vehicles titled in the state on
27 or after July 15, 2015, equals or exceeds (~~seven thousand five~~
28 ~~hundred~~) eleven thousand.

29 (8) By the last day of July 2016, and every six months
30 thereafter until the expiration of the exemption as described in
31 subsection (6) of this section, based on the best available data,
32 the department must report the following information to the
33 transportation committees of the legislature: The cumulative number
34 of qualifying vehicles titled in the state on or after July 15,

1 2015, as reported to it by the department of licensing; and the
2 dollar amount of all state retail sales and use taxes exempted on or
3 after July 15, 2015, under this section and RCW 82.12.809.

4 (9) For purposes of this section, "qualifying vehicle" means a
5 vehicle qualifying for the exemption under this section or RCW
6 82.12.809 in which the sale was made or the lease agreement was
7 signed on or after July 15, 2015."

8
9 Renumber the remaining subsections consecutively and correct any
10 internal references accordingly.

11

EFFECT: Extends the retail sales and use tax exemption for
clean alternative fuel vehicles by modifying the timing for early
termination of it to occur after 11,000 qualifying vehicles are
titled in the state (rather than after 7,500 qualifying vehicles are
titled in the state).

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