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SECOND SUBSTITUTE SENATE BILL 6080

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State of Washington

65th Legislature

2018 Regular Session

**By** Senate Ways & Means (originally sponsored by Senators Palumbo, Carlyle, Mullet, Wellman, Keiser, Billig, Nelson, McCoy, Liias, Van De Wege, Hunt, and Kuderer)

READ FIRST TIME 03/06/18.

1 AN ACT Relating to extending the sales and use tax exemption for  
2 certain alternative fuel vehicles; amending RCW 82.08.809 and  
3 82.12.809; and declaring an emergency.

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

5 **Sec. 1.** RCW 82.08.809 and 2016 sp.s. c 32 s 2 are each amended  
6 to read as follows:

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

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

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

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

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

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

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

27 (d) For leased vehicles identified in subsection (1)(a) of this  
28 section for which the lease agreement is signed on or after July 15,  
29 2015, and before July 1, 2016, lease payments are not exempt from  
30 sales tax if the fair market value of the vehicle being leased  
31 exceeds thirty-five thousand dollars at the inception of the lease.  
32 For the purposes of this subsection (4), "fair market value" has the  
33 same meaning as "value of the article used" in RCW 82.12.010.

34 (e) For leased vehicles identified in subsection (1)(a) of this  
35 section for which the lease agreement is signed on or after July 1,  
36 2016, and before the expiration of the exemption as described in  
37 subsection (6) of this section, lease payments are not exempt from  
38 sales tax as described under subsection (1)(b) of this section if, at  
39 the inception of the lease, the lowest manufacturer's suggested  
40 retail price, as determined in rule by the department of licensing

1 pursuant to chapter 34.05 RCW, for the base model is more than forty-  
2 two thousand five hundred dollars.

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

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

24 (b) Once the cumulative number of ten thousand qualifying  
25 vehicles under subsection (7)(b) of this section has been reached,  
26 the state treasurer on a quarterly basis must transfer from the air  
27 pollution control to the general fund a sum equal to the dollar  
28 amount that would otherwise have been deposited into the general fund  
29 during the prior calendar quarter but for the exemption provided in  
30 this section, until the department receives notice from the  
31 department of licensing under subsection (7)(b) of this section that  
32 the cumulative number of eleven thousand qualifying vehicles has been  
33 reached.

34 (6)(a) The exemption under this section expires, effective with  
35 sales of vehicles delivered to the buyer or leased vehicles for which  
36 the lease agreement was signed, after the last day of the calendar  
37 month immediately following the month the department receives notice  
38 from the department of licensing under subsection (7)(b) of this  
39 section that the cumulative number of eleven thousand qualifying  
40 vehicles has been reached. All leased vehicles that qualified for the

1 exemption before the expiration of the exemption must continue to  
2 receive the exemption as described under subsection (1)(b) of this  
3 section on lease payments due through the remainder of the lease.

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

8 (c) For purposes of this subsection, even if the department of  
9 licensing provides the department with notice under subsection (7)(b)  
10 of this section before the end of the fifth working day of the month  
11 notice is required, the notice is deemed to have been received by the  
12 department at the end of the fifth working day of the month notice is  
13 required.

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

20 ~~(e))~~ Nothing in this subsection (6) may be construed to affect  
21 the validity of any exemption properly allowed by a seller under this  
22 section before the expiration of the exemption as described in (a) of  
23 this subsection and reported to the department on returns filed after  
24 the expiration of the exemption.

25 ~~((+f))~~ (e) Nothing in this subsection (6) may be construed to  
26 allow an exemption under this section for the purchase of a  
27 qualifying vehicle by the original lessee of the vehicle after the  
28 expiration of the exemption as provided in (a) of this subsection.

29 (7)(a) By the end of the fifth working day of each month, until  
30 the expiration of the exemption as described in subsection (6) of  
31 this section, the department of licensing must determine the  
32 cumulative number of qualifying vehicles titled on or after July 15,  
33 2015, and provide notice of the cumulative number of these vehicles  
34 to the department.

35 (b) The department of licensing must notify the department once  
36 the cumulative number of qualifying vehicles titled in the state on  
37 or after July 15, 2015, equals or exceeds seven thousand five  
38 hundred, ten thousand, and eleven thousand.

39 (8) By the last day of July 2016, and every six months thereafter  
40 until the expiration of the exemption as described in subsection (6)

1 of this section, based on the best available data, the department  
2 must report the following information to the transportation  
3 committees of the legislature: The cumulative number of qualifying  
4 vehicles titled in the state on or after July 15, 2015, as reported  
5 to it by the department of licensing; and the dollar amount of all  
6 state retail sales and use taxes exempted on or after July 15, 2015,  
7 under this section and RCW 82.12.809.

8 (9) For purposes of this section, "qualifying vehicle" means a  
9 vehicle qualifying for the exemption under this section or RCW  
10 82.12.809 in which the sale was made or the lease agreement was  
11 signed on or after July 15, 2015.

12 **Sec. 2.** RCW 82.12.809 and 2016 sp.s. c 32 s 3 are each amended  
13 to read as follows:

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

21 (b) Beginning with purchases made or lease agreements signed on  
22 or after July 1, 2016, the exemption in this section is only  
23 applicable for up to thirty-two thousand dollars of a vehicle's  
24 purchase price or the total lease payments made plus the purchase  
25 price of the leased vehicle if the original lessee purchases the  
26 leased vehicle before the expiration of the exemption as described in  
27 RCW 82.08.809(6).

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

29 (3) A taxpayer is not liable for the tax imposed in RCW 82.12.020  
30 on the use, on or after the expiration of the exemption as described  
31 in RCW 82.08.809(6), of a passenger car, light duty truck, or medium  
32 duty passenger vehicle that is exclusively powered by a clean  
33 alternative fuel or uses at least one method of propulsion that is  
34 capable of being reenergized by an external source of electricity and  
35 is capable of traveling at least thirty miles using only battery  
36 power, if the taxpayer used such vehicle in this state before the  
37 expiration of the exemption as described in RCW 82.08.809(6), and the  
38 use was exempt under this section from the tax imposed in RCW  
39 82.12.020.

1 (4)(a) For vehicles identified in subsection (1)(a) of this  
2 section purchased on or after July 1, 2016, and before the expiration  
3 of the exemption as described in RCW 82.08.809(6), or for leased  
4 vehicles identified in subsection (1)(a) of this section for which  
5 the lease agreement was signed on or after July 1, 2016, and before  
6 the expiration of the exemption as described in RCW 82.08.809(6), a  
7 vehicle is not exempt from use tax as described under subsection  
8 (1)(b) of this section if, at the time the tax is imposed for  
9 purchased vehicles or at the inception of the lease for leased  
10 vehicles, the lowest manufacturer's suggested retail price, as  
11 determined in rule by the department of licensing pursuant to chapter  
12 34.05 RCW, for the base model is more than forty-two thousand five  
13 hundred dollars.

14 (b) For vehicles identified in subsection (1)(a) of this section  
15 purchased on or after July 15, 2015, and before July 1, 2016, or for  
16 leased vehicles identified in subsection (1)(a) of this section for  
17 which the lease agreement was signed on or after July 15, 2015, and  
18 before July 1, 2016, a vehicle is not exempt from use tax if the fair  
19 market value of the vehicle exceeds thirty-five thousand dollars at  
20 the time the tax is imposed for purchased vehicles, or at the  
21 inception of the lease for leased vehicles.

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

26 (5)(a) On the last day of January, April, July, and October of  
27 each year until the department receives notice from the department of  
28 licensing under RCW 82.08.809(7)(b) that the cumulative number of  
29 seven thousand five hundred qualifying vehicles has been reached, the  
30 state treasurer, based upon information provided by the department,  
31 must transfer from the multimodal transportation account to the  
32 general fund a sum equal to the dollar amount that would otherwise  
33 have been deposited into the general fund during the prior calendar  
34 quarter but for the exemption provided in this section. Information  
35 provided by the department to the state treasurer must be based on  
36 the best available data. For purposes of this section, the first  
37 transfer for the calendar quarter after July 15, 2015, must be  
38 calculated assuming only those revenues that should have been  
39 deposited into the general fund beginning July 1, 2015.

1       (b) Once the cumulative number of ten thousand qualifying  
2 vehicles under RCW 82.08.809(7)(b) has been reached, the state  
3 treasurer on a quarterly basis must transfer from the air pollution  
4 control to the general fund a sum equal to the dollar amount that  
5 would otherwise have been deposited into the general fund during the  
6 prior calendar quarter but for the exemption provided in this  
7 section, until the department receives notice from the department of  
8 licensing under subsection (7)(b) of this section that the cumulative  
9 number of eleven thousand qualifying vehicles has been reached.

10       (6)(a) The exemption provided under this section does not apply  
11 to the use of new passenger cars, light duty trucks, and medium duty  
12 passenger vehicles, or lease payments due on such vehicles, if the  
13 date of sale of the vehicle from the seller to the buyer occurred or  
14 the lease agreement was signed after the expiration of the exemption  
15 as provided in RCW 82.08.809(6).

16       (b) All leased vehicles that qualified for the exemption before  
17 the expiration of the exemption must continue to receive the  
18 exemption as described under subsection (1)(b) of this section on  
19 lease payments due through the remainder of the lease.

20       (c) Nothing in this subsection (6) may be construed to allow an  
21 exemption under this section for the purchase of a qualifying vehicle  
22 by the original lessee of the vehicle after the expiration of the  
23 exemption.

24       NEW SECTION. Sec. 3. This act is necessary for the immediate  
25 preservation of the public peace, health, or safety, or support of  
26 the state government and its existing public institutions, takes  
27 effect immediately.

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