

**2SHB 2042 - H AMD 766**

By Representative Fey

**ADOPTED AS AMENDED 04/23/2019**

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that increasing the  
4 rate of adoption of electric vehicles and vessels and other clean  
5 alternative fuel vehicles will help to reduce harmful air pollution  
6 from exhaust emissions, including greenhouse gas emissions, in the  
7 state. The legislature also finds that an increased reliance on  
8 greener transit options will help to further reduce harmful air  
9 pollution from exhaust emissions. The legislature further finds that  
10 support for clean alternative fuel infrastructure can help to  
11 increase adoption of green transportation in the state, as noted in a  
12 2015 joint transportation committee report. It is therefore the  
13 legislature's intent to drive green vehicle and vessel adoption and  
14 increased green transit use by: (1) Establishing and extending tax  
15 incentive programs for alternative fuel vehicles and related  
16 infrastructure, including for commercial vehicles; (2) providing  
17 funding for a capital grant program to assist transit authorities in  
18 reducing the carbon output of their fleets; (3) increasing public and  
19 private electric utilities' ability to invest in electric vehicle  
20 charging infrastructure; (4) establishing a technical assistance  
21 program for public agencies within the Washington State University's  
22 energy program; (5) funding a pilot program to test methods for  
23 facilitating access to alternative fuel vehicles and alternative fuel  
24 vehicle infrastructure by low-income residents of the state; (6)  
25 funding a study to examine opportunities to provide financing  
26 assistance to lower-income residents of the state who would like to  
27 purchase an electric vehicle; and (7) establishing a tax incentive  
28 program for certain electric vessels.

29 **Sec. 2.** RCW 28B.30.903 and 2010 c 37 s 1 are each amended to  
30 read as follows:

31 (1) The Washington State University extension energy program  
32 shall provide information, technical assistance, and consultation on

1 physical plant operation, maintenance, and construction issues to  
2 state and local governments, tribal governments, and nonprofit  
3 organizations through its plant operations support program. The  
4 Washington State University extension energy program may not enter  
5 into facilities design or construction contracts on behalf of state  
6 or local government agencies, tribal governments, or nonprofit  
7 organizations. The plant operations support program created in this  
8 section must be funded by voluntary subscription charges, service  
9 fees, and other funding acquired by or provided to Washington State  
10 University for such purposes.

11 (2) Subject to the availability of amounts appropriated for this  
12 specific purpose, the Washington State University extension energy  
13 program shall establish and administer a technical assistance and  
14 education program focused on the use of alternative fuel vehicles.  
15 Education and assistance may be provided to public agencies,  
16 including local governments and other state political subdivisions.

17 **Sec. 3.** RCW 46.17.323 and 2015 3rd sp.s. c 44 s 203 are each  
18 amended to read as follows:

19 (1) Before accepting an application for an annual vehicle  
20 registration renewal for a vehicle that both (a) uses at least one  
21 method of propulsion that is capable of being reenergized by an  
22 external source of electricity and (b) is capable of traveling at  
23 least thirty miles using only battery power, the department, county  
24 auditor or other agent, or subagent appointed by the director must  
25 require the applicant to pay a one hundred dollar fee in addition to  
26 any other fees and taxes required by law. The one hundred dollar fee  
27 is due only at the time of annual registration renewal.

28 (2) This section only applies to a vehicle that is designed to  
29 have the capability to drive at a speed of more than thirty-five  
30 miles per hour.

31 (3) (a) Except as provided in (c) of this subsection, the fee  
32 under this section is imposed to provide funds to mitigate the impact  
33 of vehicles on state roads and highways and for the purpose of  
34 evaluating the feasibility of transitioning from a revenue collection  
35 system based on fuel taxes to a road user assessment system, and is  
36 separate and distinct from other vehicle license fees. Except as  
37 provided in (c) of this subsection, proceeds from the fee in  
38 subsection (1) of this section must be used for highway purposes, and

1 must be deposited in the motor vehicle fund created in RCW 46.68.070,  
2 subject to (b) of this subsection.

3 (b) Except as provided in (c) of this subsection, if in any year  
4 the amount of proceeds from the fee collected under subsection (1) of  
5 this section exceeds one million dollars, the excess amount over one  
6 million dollars must be deposited as follows:

7 (i) Seventy percent to the motor vehicle fund created in RCW  
8 46.68.070;

9 (ii) Fifteen percent to the transportation improvement account  
10 created in RCW 47.26.084; and

11 (iii) Fifteen percent to the rural arterial trust account created  
12 in RCW 36.79.020.

13 (c) Beginning August 1, 2019, until August 1, 2024, all proceeds  
14 from the fee in subsection (1) of this section must be deposited in  
15 the electric vehicle account created in RCW 82.44.200.

16 (4) (a) In addition to the fee established in subsection (1) of  
17 this section, before accepting an application for an annual vehicle  
18 registration renewal for a vehicle that both (i) uses at least one  
19 method of propulsion that is capable of being reenergized by an  
20 external source of electricity and (ii) is capable of traveling at  
21 least thirty miles using only battery power, the department, county  
22 auditor or other agent, or subagent appointed by the director must  
23 require the applicant to pay a ~~((fifty))~~ one hundred dollar fee until  
24 August 1, 2029. Beginning August 1, 2029, the additional fee  
25 established in this subsection is reduced to fifty dollars.

26 (b) The fee required under (a) of this subsection must be  
27 ~~((distributed as follows:~~

28 ~~((i) The first one million dollars raised by the fee must be~~  
29 ~~deposited into the multimodal transportation account created in RCW~~  
30 ~~47.66.070; and~~

31 ~~((ii) Any remaining amounts must be))~~ deposited into the ~~((motor~~  
32 ~~vehicle fund))~~ electric vehicle account created in RCW ~~((46.68.070))~~  
33 82.44.200.

34 (5) This section applies to annual vehicle registration renewals  
35 until the effective date of enacted legislation that imposes a  
36 vehicle miles traveled fee or tax.

37 **Sec. 4.** RCW 47.04.350 and 2015 3rd sp.s. c 44 s 403 are each  
38 amended to read as follows:

1           (1) Subject to the availability of amounts appropriated for this  
2 specific purpose, the department's public-private partnership office  
3 must develop and maintain a (~~((pilot))~~) program to support the  
4 deployment of (~~((electric))~~) clean alternative fuel vehicle charging  
5 and refueling infrastructure that is supported by private financing.

6           (2) The department must define corridors in which bidders may  
7 propose to install electric vehicle charging infrastructure or  
8 hydrogen fueling stations, and may update these corridors over time  
9 as needed. Alternatively, a bidder may propose a corridor in which  
10 the bidder proposes to install electric vehicle infrastructure or  
11 hydrogen fueling stations if the department has adopted rules  
12 allowing such a proposal and establishing guidelines for how such a  
13 proposal will be considered.

14           (3) (a) For bid proposals under this section, the department must  
15 require the following:

16           (i) Bidders must have private sector partners contributing to the  
17 project who stand to gain indirect value from development of the  
18 project, such as motor vehicle manufacturers, retail stores, or  
19 tourism stakeholders;

20           (ii) Bidders must demonstrate that the proposed project will be  
21 valuable to (~~((electric))~~) clean alternative fuel vehicle drivers and  
22 will address an existing gap in the state's (~~((electric-vehicle~~  
23 ~~charging-station))~~) low carbon transportation infrastructure;

24           (iii) Projects must be expected to be profitable and sustainable  
25 for the owner-operator and the private partner; and

26           (iv) Bidders must specify how the project captures the indirect  
27 value of charging or refueling station deployment to the private  
28 partner.

29           (b) The department may adopt rules that require any other  
30 criteria for a successful project.

31           (4) In evaluating proposals under this section, the department  
32 may use the electric vehicle financial analysis tool that was  
33 developed in the joint transportation committee's study into  
34 financing electric vehicle charging station infrastructure.

35           (5) (a) After selecting a successful proposer under this section,  
36 the department may provide a loan or grant to the proposer.

37           (b) Grants and loans issued under this subsection must be funded  
38 from the electric vehicle (~~((charging-infrastructure))~~) account created  
39 in RCW 82.44.200.

1 (c) Any project selected for support under this section is  
2 eligible for only one grant or loan as a part of the (~~pilot~~)  
3 program.

4 (6) The department may conduct preliminary workshops with  
5 potential bidders and other potential private sector partners to  
6 determine the best method of designing and maintaining the (~~pilot~~)  
7 program, discuss how to develop and maintain the partnerships among  
8 the private sector partners that may receive indirect value, and any  
9 other issues relating to the implementation and administration of  
10 this section. The department should consider regional workshops to  
11 engage potential business partners from across the state.

12 (7) The department must adopt rules to implement and administer  
13 this section.

14 **Sec. 5.** 2019 c ... (SHB 1512) s 1 (uncodified) is amended to  
15 read as follows:

16 The legislature finds that:

17 (1) Programs for the electrification of transportation have the  
18 potential to allow electric utilities to optimize the use of electric  
19 grid infrastructure, improve the management of electric loads, and  
20 better manage the integration of variable renewable energy resources.  
21 Depending upon each utility's unique circumstances, electrification  
22 of transportation programs may provide cost-effective energy  
23 efficiency, through more efficient use of energy resources, and more  
24 efficient use of the electric delivery system. Electrification of  
25 transportation may result in cost savings and benefits for all  
26 ratepayers.

27 (2) State policy can achieve the greatest return on investment in  
28 reducing greenhouse gas emissions and improving air quality by  
29 expediting the transition to alternative fuel vehicles, including  
30 electric vehicles. Potential benefits associated with electrification  
31 of transportation include the monetization of environmental  
32 attributes associated with carbon reduction in the transportation  
33 sector.

34 (3) Legislative clarity is important for utilities to offer  
35 programs and services, including incentives, in the electrification  
36 of transportation for their customers. It is the intent of the  
37 legislature to allow all utilities to support transportation  
38 electrification to further the state's policy goals and achieve  
39 parity among all electric utilities, so each electric utility,

1 depending on its unique circumstances, can determine its appropriate  
2 role in the development of electrification of transportation  
3 infrastructure.

4 **Sec. 6.** RCW 80.28.--- and 2019 c ... (SHB 1512) s 4 are each  
5 amended to read as follows:

6 (1) An electric utility regulated by the utilities and  
7 transportation commission under this chapter may submit to the  
8 commission an electrification of transportation plan that deploys  
9 electric vehicle supply equipment or provides other electric  
10 transportation programs, services, or incentives to support  
11 electrification of transportation(~~(, provided that such electric~~  
12 ~~vehicle supply equipment, programs, or services may not increase~~  
13 ~~costs to customers in excess of one-quarter of one percent above the~~  
14 ~~benefits of electric transportation to all customers over a period~~  
15 ~~consistent with the utility's planning horizon under its most recent~~  
16 ~~integrated resource plan)). The plans should align to a period  
17 consistent with either the utility's planning horizon under its most  
18 recent integrated resource plan or the time frame of the actions  
19 contemplated in the plan, and may include:~~

20 (a) Any programs that the utility is proposing contemporaneously  
21 with the plan filing or anticipates later in the plan period;

22 (b) Anticipated benefits of transportation electrification, based  
23 on a forecast of electric transportation in the utilities' service  
24 territory; and

25 (c) Anticipated costs of programs, subject to the restrictions in  
26 RCW 80.28.360.

27 (2) In reviewing an electrification of transportation plan under  
28 subsection (1) of this section, the commission may consider the  
29 following: (a) The applicability of multiple options for  
30 electrification of transportation across all customer classes; (b)  
31 the impact of electrification on the utility's load, and whether  
32 demand response or other load management opportunities, including  
33 direct load control and dynamic pricing, are operationally  
34 appropriate; (c) system reliability and distribution system  
35 efficiencies; (d) interoperability concerns, including the  
36 interoperability of hardware and software systems in electrification  
37 of transportation proposals; and (e) the benefits and costs of the  
38 planned actions(~~(; and (f) the overall customer experience)).~~

1 (3) The commission must issue an acknowledgment of an  
2 electrification of transportation plan within six months of the  
3 submittal of the plan. The commission may establish by rule the  
4 requirements for preparation and submission of an electrification of  
5 transportation plan. An electric utility may submit a plan under this  
6 section before or during rule-making proceedings.

7 **Sec. 7.** RCW 80.28.360 and 2019 c ... (SHB 1512) s 5 are each  
8 amended to read as follows:

9 (1) In establishing rates for each electrical company regulated  
10 under this title, the commission may allow an incentive rate of  
11 return on investment through December 31, 2030, on capital  
12 expenditures for electric vehicle supply equipment that is deployed  
13 for the benefit of ratepayers, provided that the capital expenditures  
14 of the utilities' programs or plans in section 6(1) of this act do  
15 not increase ((costs to ratepayers)) the annual retail revenue  
16 requirement of the utility, after accounting for the benefits of  
17 transportation electrification in each year of the plan, in excess of  
18 one-quarter of one percent. The commission must consider and may  
19 adopt other policies to improve access to and promote fair  
20 competition in the provision of electric vehicle supply equipment.

21 (2) An incentive rate of return on investment under this section  
22 may be allowed only if the company chooses to pursue capital  
23 investment in electric vehicle supply equipment on a fully regulated  
24 basis similar to other capital investments behind a customer's meter.  
25 In the case of an incentive rate of return on investment allowed  
26 under this section, an increment of up to two percent must be added  
27 to the rate of return on common equity allowed on the company's other  
28 investments.

29 (3) The incentive rate of return on investment authorized in  
30 subsection (2) of this section applies only to projects which have  
31 been installed after July 1, 2015.

32 (4) The incentive rate of return on investment increment pursuant  
33 to this section may be earned only for a period up to the depreciable  
34 life of the electric vehicle supply equipment as defined in the  
35 depreciation schedules developed by the company and submitted to the  
36 commission for review. When the capital investment has fully  
37 depreciated, an electrical company may gift the electric vehicle  
38 supply equipment to the owner of the property on which it is located.

1 (5) By December 31, 2017, the commission must report to the  
2 appropriate committees of the legislature with regard to the use of  
3 any incentives allowed under this section, the quantifiable impacts  
4 of the incentives on actual electric vehicle deployment, and any  
5 recommendations to the legislature about utility participation in the  
6 electric vehicle market.

7 NEW SECTION. **Sec. 8.** This section is the tax preference  
8 performance statement for the tax preferences contained in sections 9  
9 through 15, chapter . . ., Laws of 2019 (sections 9 through 15 of  
10 this act). The performance statement is only intended to be used for  
11 subsequent evaluation of the tax preference. It is not intended to  
12 create a private right of action by any party or be used to determine  
13 eligibility for preferential tax treatment.

14 (1) The legislature categorizes the tax preferences as ones  
15 intended to induce certain designated behavior by taxpayers, as  
16 indicated in RCW 82.32.808(2) (a).

17 (2) It is the legislature's specific public policy objective to  
18 increase the use of clean alternative fuel vehicles in Washington. It  
19 is the legislature's intent to establish and extend tax incentive  
20 programs for alternative fuel vehicles and related infrastructure by:  
21 (a) Reinstating the sales and use tax exemption on certain clean  
22 alternative fuel vehicles in order to reduce the price charged to  
23 customers for clean alternative fuel vehicles; (b) extending the  
24 business and occupation and public utility tax credit for clean  
25 alternative fuel commercial vehicles and expanding it to include  
26 clean alternative fuel infrastructure; (c) extending the sales and  
27 use tax exemption for electric vehicle batteries, fuel cells, and  
28 infrastructure and expanding it to include the electric battery and  
29 fuel cell components of electric buses and zero emissions buses; and  
30 (d) extending the leasehold excise tax exemption to tenants of public  
31 lands for battery and fuel cell electric vehicle infrastructure.

32 (3) To measure the effectiveness of the tax preferences in  
33 sections 9 through 15, chapter . . ., Laws of 2019 (sections 9  
34 through 15 of this act) in achieving the public policy objectives  
35 described in subsection (2) of this section, the joint legislative  
36 audit and review committee must evaluate the number of clean  
37 alternative fuel vehicles titled in the state.

38 (4) In order to obtain the data necessary to perform the review  
39 in subsection (3) of this section, the department of licensing and

1 the department of revenue must provide data needed for the joint  
2 legislative audit and review committee analysis. In addition to the  
3 data source described under this subsection, the joint legislative  
4 audit and review committee may use any other data it deems necessary.

5 **Sec. 9.** RCW 82.04.4496 and 2017 c 116 s 1 are each amended to  
6 read as follows:

7 (1) (a) (i) A person who is taxable under this chapter is allowed a  
8 credit against the tax imposed in this chapter according to the gross  
9 vehicle weight rating of the vehicle and the incremental cost of the  
10 vehicle purchased above the purchase price of a comparable  
11 conventionally fueled vehicle. The credit is limited, as set forth in  
12 the table below, to the lesser of the incremental cost amount or the  
13 maximum credit amount per vehicle purchased, and subject to a maximum  
14 annual credit amount per vehicle class.

Gross Vehicle Weight	Incremental Cost Amount	Maximum Credit Amount Per Vehicle	Maximum Annual Credit Per Vehicle Class
Up to 14,000 pounds	<del>((50%))</del> 75% of incremental cost	\$25,000	\$2,000,000
14,001 to 26,500 pounds	<del>((50%))</del> 75% of incremental cost	\$50,000	\$2,000,000
Above 26,500 pounds	<del>((50%))</del> 75% of incremental cost	\$100,000	\$2,000,000

23 (ii) A person who is taxable under this chapter is allowed a  
24 credit against the tax imposed in this chapter for up to fifty  
25 percent of the cost to purchase alternative fuel vehicle  
26 infrastructure, tangible personal property that will become a  
27 component of alternative fuel vehicle infrastructure, and  
28 installation and construction of alternative fuel vehicle  
29 infrastructure, but excluding the cost of property acquisition and  
30 site improvement related to the installation of alternative fuel  
31 vehicle infrastructure. The credit is subject to a maximum annual  
32 credit amount of two million dollars.

33 (b) On September 1st of each year, any unused credits from any  
34 ~~((weight class))~~ category identified in ~~((the table in))~~ (a) of this  
35 subsection must be made available to applicants applying for credits  
36 under any other ~~((weight class listed))~~ category identified in (a) of  
37 this subsection, subject to the maximum annual and total credit

1 amounts identified in this subsection. The credit established in this  
2 section and RCW 82.16.0496 is subject to a maximum annual credit  
3 amount of six million dollars, and a maximum total credit amount of  
4 thirty-two and one-half million dollars since the credit became  
5 available on July 15, 2015.

6 (c) The credit provided in (a)(i) of this subsection (~~((1))~~) is  
7 available for the lease of a vehicle. The credit amount for a leased  
8 vehicle is equal to the credit in (a)(i) of this subsection (~~((1))~~)  
9 multiplied by the lease reduction factor. The person claiming the  
10 credit for a leased vehicle must be the lessee as identified in the  
11 lease contract.

12 (2) A person who is taxable under this chapter is allowed,  
13 subject to the maximum annual credit per (~~(vehicle class))~~ category  
14 in subsection (1)(a) of this section, a credit against the tax  
15 imposed in this chapter for the lesser of twenty-five thousand  
16 dollars or (~~(thirty))~~ fifty percent of the costs of converting a  
17 commercial vehicle to be principally powered by a clean alternative  
18 fuel with a United States environmental protection agency certified  
19 conversion.

20 (3) The total credits under subsection (1)(a)(i) of this section  
21 may not exceed the lesser of two hundred fifty thousand dollars or  
22 twenty-five vehicles per person per calendar year.

23 (4) A person may not receive credit under this section for  
24 amounts claimed as credits under chapter 82.16 RCW.

25 (5) Credits are available on a first-in-time basis.

26 (a) The department must disallow any credits, or portion thereof,  
27 that would cause the total amount of credits claimed under this  
28 section, and RCW 82.16.0496, during any calendar year to exceed six  
29 million dollars. The department must provide notification on its web  
30 site monthly on the amount of credits that have been applied for, the  
31 amount issued, and the amount remaining before the statewide annual  
32 limit is reached. In addition, the department must provide written  
33 notice to any person who has applied to claim tax credits in excess  
34 of the limitation in this subsection.

35 (b) The department must disallow any credits, or portion thereof,  
36 that would cause the total amount of credits claimed beginning July  
37 15, 2015, under this section and RCW 82.16.0496 to exceed thirty-two  
38 and one-half million dollars. The department must provide  
39 notification on its web site monthly on the total amount of credits  
40 that have been applied for, the amount issued, and the amount

1 remaining before the statewide limit is reached. In addition, the  
2 department must provide written notice to any person who has applied  
3 to claim tax credits in excess of the limitation in this subsection.

4 (6) For the purposes of the limits provided in this section, a  
5 credit must be counted against such limits for the calendar year in  
6 which the credit is earned.

7 (7) To claim a credit under this section a person must  
8 electronically file with the department all returns, forms, and any  
9 other information required by the department, in an electronic format  
10 as provided or approved by the department. No refunds may be granted  
11 for credits under this section.

12 (8) To claim a credit under this section, the person applying  
13 must:

14 (a) Complete an application for the credit which must include:

15 (i) The name, business address, and tax identification number of  
16 the applicant;

17 (ii) A quote or unexecuted copy of the purchase requisition or  
18 order for the vehicle, infrastructure, infrastructure components,  
19 infrastructure construction, or infrastructure installation;

20 (iii) The type of alternative fuel to be used by the vehicle or  
21 supported by the infrastructure;

22 (iv) The incremental cost of the alternative fuel system for  
23 vehicle credits;

24 (v) The anticipated delivery date of the vehicle, the anticipated  
25 delivery date of the infrastructure or infrastructure components, the  
26 anticipated construction completion date of the infrastructure, or  
27 the anticipated installation completion date of the infrastructure;

28 (vi) The estimated annual fuel use of the vehicle in the  
29 anticipated duties or the estimated annual fuel to be supplied by the  
30 infrastructure;

31 (vii) The gross weight of each vehicle for vehicle credits;

32 (viii) For leased vehicles, a copy of the lease contract that  
33 includes the gross capitalized cost, residual value, and name of the  
34 lessee; and

35 (ix) Any other information deemed necessary by the department to  
36 support administration or reporting of the program.

37 (b) Within fifteen days of notice of credit availability from the  
38 department, provide notice of intent to claim the credit including:

1 (i) A copy of the order for the vehicle or infrastructure-related  
2 item, including the total cost for the vehicle or infrastructure-  
3 related item;

4 (ii) The anticipated delivery date of the vehicle or  
5 infrastructure or infrastructure component, which must be within one  
6 year of acceptance of the credit; (~~and~~)

7 (iii) The anticipated construction or installation completion  
8 date of the infrastructure, which must be within two years of  
9 acceptance of the credit; and

10 (iv) Any other information deemed necessary by the department to  
11 support administration or reporting of the program.

12 (c) Provide final documentation within (~~fifteen~~) thirty days of  
13 receipt of the vehicle or infrastructure or infrastructure components  
14 or of completion of construction or installation of the  
15 infrastructure, including:

16 (i) A copy of the final invoice for the vehicle or  
17 infrastructure-related items;

18 (ii) A copy of the factory build sheet or equivalent  
19 documentation;

20 (iii) The vehicle identification number of each vehicle;

21 (iv) The incremental cost of the alternative fuel system for  
22 vehicle credits;

23 (v) Attestations signed by both the seller and purchaser of each  
24 vehicle attesting that the incremental cost of the alternative fuel  
25 system includes only the costs necessary for the vehicle to run on  
26 alternative fuel and no other vehicle options, equipment, or costs;  
27 and

28 (vi) Any other information deemed necessary by the department to  
29 support administration or reporting of the program.

30 (9) A person applying for credit under subsection (8) of this  
31 section may apply for multiple vehicles on the same application, but  
32 the application must include the required information for each  
33 vehicle included in the application. A separate application is  
34 required for infrastructure-related items, but all infrastructure-  
35 related items at a single location may be included in a single  
36 application provided the required information for each  
37 infrastructure-related item is included in the application.

38 (10) To administer the credits, the department must, at a  
39 minimum:

1 (a) Provide notification on its web site monthly of the amount of  
2 credits that have been applied for, claimed, and the amount remaining  
3 before the statewide annual limit (~~(is)~~) and total limit are reached;

4 (b) Within fifteen days of receipt of the application, notify  
5 persons applying of the availability of tax credits in the year in  
6 which the vehicles or infrastructure applied for are anticipated to  
7 be delivered, constructed, or installed;

8 (c) Within fifteen days of receipt of the notice of intent to  
9 claim the tax credit, notify the applicant of the approval, denial,  
10 or missing information in their notice; and

11 (d) Within fifteen days of receipt of final documentation, review  
12 the documentation and notify the person applying of the acceptance of  
13 their final documentation.

14 (11) If a person fails to supply the information as required in  
15 subsection (8) of this section, the department must deny the  
16 application.

17 (12)(a) Taxpayers are only eligible for a credit under this  
18 section based on:

19 (i) Sales or leases of new commercial vehicles and qualifying  
20 used commercial vehicles with propulsion units that are principally  
21 powered by a clean alternative fuel; (~~(or)~~)

22 (ii) Costs to modify a commercial vehicle, including sales of  
23 tangible personal property incorporated into the vehicle and labor or  
24 service expenses incurred in modifying the vehicle, to be principally  
25 powered by a clean alternative fuel; or

26 (iii) Sales of alternative fuel vehicle infrastructure or  
27 infrastructure components, or the cost of construction or  
28 installation of alternative fuel vehicle infrastructure.

29 (b) A credit is earned when the purchaser or the lessee takes  
30 receipt of the qualifying commercial vehicle or infrastructure-  
31 related item, the vehicle conversion is complete, or the construction  
32 or installation of the infrastructure is complete.

33 (13) A credit earned during one calendar year may be carried over  
34 to be credited against taxes incurred in the subsequent calendar  
35 year, but may not be carried over a second year.

36 (14)(a) Beginning November 25, 2015, and on the 25th of February,  
37 May, August, and November of each year thereafter, the department  
38 must notify the state treasurer of the amount of credits taken under  
39 this section as reported on returns filed with the department during

1 the preceding calendar quarter ending on the last day of December,  
2 March, June, and September, respectively.

3 (b) On the last day of March, June, September, and December of  
4 each year, the state treasurer, based upon information provided by  
5 the department, must transfer a sum equal to the dollar amount of the  
6 credit provided under this section from the multimodal transportation  
7 account to the general fund.

8 (15) The department must conduct outreach to interested parties  
9 to obtain input on how best to streamline the application process  
10 required for the credit made available in this section and RCW  
11 82.16.0496 to further adoption of alternative fuel technologies in  
12 commercial vehicle fleets, and must incorporate the findings  
13 resulting from this outreach effort into the rules and practices it  
14 adopts to implement and administer this section and RCW 82.16.0496 to  
15 the extent permitted under law.

16 (16) The definitions in this subsection apply throughout this  
17 section unless the context clearly requires otherwise.

18 (a) "Alternative fuel vehicle infrastructure" means structures,  
19 machinery, and equipment necessary and integral to support a clean  
20 alternative fuel vehicle.

21 (b) "Auto transportation company" means any corporation or person  
22 owning, controlling, operating, or managing any motor propelled  
23 vehicle, used in the business of transporting persons for  
24 compensation over public highways within the state of Washington,  
25 between fixed points or over a regular route. For the purposes of  
26 this section, "auto transportation company" also includes the  
27 following categories of providers irrespective of whether they  
28 provide service between fixed points or over a regular route:  
29 "Private, nonprofit transportation provider" as defined in RCW  
30 81.66.010, "charter party carrier" as defined in RCW 81.70.020, and  
31 paratransit service providers who primarily provide special needs  
32 transportation to individuals with disabilities and the elderly.

33 ~~((b))~~ (c) "Clean alternative fuel" means electricity, dimethyl  
34 ether, hydrogen, methane, natural gas, liquefied natural gas,  
35 compressed natural gas, or propane.

36 ~~((e))~~ (d) "Commercial vehicle" means any commercial vehicle  
37 that is purchased by a private business and that is used exclusively  
38 in the provision of commercial services or the transportation of  
39 commodities, merchandise, produce, refuse, freight, animals, or  
40 passengers, and that is displaying a Washington state license plate.

1 All commercial vehicles that provide transportation to passengers  
2 must be operated by an auto transportation company.

3 ~~((d))~~ (e) "Gross capitalized cost" means the agreed upon value  
4 of the commercial vehicle and including any other items a person pays  
5 over the lease term that are included in such cost.

6 ~~((e))~~ (f) "Lease reduction factor" means the vehicle gross  
7 capitalized cost less the residual value, divided by the gross  
8 capitalized cost.

9 ~~((f))~~ (g) "Qualifying used commercial vehicle" means vehicles  
10 that:

11 (i) Have an odometer reading of less than four hundred fifty  
12 thousand miles;

13 (ii) Are less than ten years past their original date of  
14 manufacture;

15 (iii) Were modified after the initial purchase with a United  
16 States environmental protection agency certified conversion that  
17 would allow the propulsion units to be principally powered by a clean  
18 alternative fuel; and

19 (iv) Are being sold for the first time after modification.

20 ~~((g))~~ (h) "Residual value" means the lease-end value of the  
21 vehicle as determined by the lessor, at the end of the lease term  
22 included in the lease contract.

23 ~~((16))~~ (17) Credits may be earned under this section from  
24 January 1, 2016, ~~((through January 1, 2021))~~ until the maximum total  
25 credit amount in subsection (1)(b) of this section is reached, except  
26 for credits for leased vehicles, which may be earned from July 1,  
27 2016, ~~((through January 1, 2021))~~ until the maximum total credit  
28 amount in subsection (1)(b) of this section is reached.

29 ~~((17) Credits earned under this section may not be used after~~  
30 ~~January 1, 2022.~~

31 ~~(18) This section expires January 1, 2022.)~~

32 NEW SECTION. **Sec. 10.** A new section is added to chapter 82.08  
33 RCW to read as follows:

34 (1) Beginning with sales made or lease agreements signed on or  
35 after the qualification period start date:

36 (a) The tax levied by RCW 82.08.020 does not apply as provided in  
37 (b) of this subsection to sales or leases of new or used passenger  
38 cars, light duty trucks, and medium duty passenger vehicles that:

39 (i) Are exclusively powered by a clean alternative fuel; or

1 (ii) Use at least one method of propulsion that is capable of  
2 being reenergized by an external source of electricity and are  
3 capable of traveling at least thirty miles using only battery power;  
4 and

5 (iii)(A) Have a vehicle selling price plus trade-in property of  
6 like kind for purchased vehicles that:

7 (I) For a vehicle that is a new vehicle at the time of the  
8 purchase date or the date the lease agreement was signed, does not  
9 exceed forty-five thousand dollars; or

10 (II) For a vehicle that is a used vehicle at the time of the  
11 purchase date or the date the lease agreement was signed, does not  
12 exceed thirty thousand dollars; or

13 (B) Have a fair market value at the inception of the lease for  
14 leased vehicles that:

15 (I) For a vehicle that is a new vehicle at the time of the  
16 purchase date or the date the lease agreement was signed, does not  
17 exceed forty-five thousand dollars; or

18 (II) For a vehicle that is a used vehicle at the time of the  
19 purchase date or the date the lease agreement was signed, does not  
20 exceed thirty thousand dollars;

21 (b)(i) The exemption in this section is applicable for up to the  
22 amounts specified in (b)(ii) or (iii) of this subsection of:

23 (A) The total amount of the vehicle's selling price, for sales  
24 made; or

25 (B) The total lease payments made plus any additional selling  
26 price of the leased vehicle if the original lessee purchases the  
27 leased vehicle before the qualification period end date, for lease  
28 agreements signed.

29 (ii) Based on the purchase date or the date the lease agreement  
30 was signed of the vehicle if the vehicle is a new vehicle at the time  
31 of the purchase date or the date the lease agreement was signed:

32 (A) From the qualification period start date until July 31, 2021,  
33 the maximum amount eligible under (b)(i) of this subsection is  
34 thirty-two thousand dollars;

35 (B) From August 1, 2021, until July 31, 2023, the maximum amount  
36 eligible under (b)(i) of this subsection is twenty-four thousand  
37 dollars;

38 (C) From August 1, 2023, until July 31, 2025, the maximum amount  
39 eligible under (b)(i) of this subsection is sixteen thousand dollars.

1 (iii) If the vehicle is a used vehicle at the time of the  
2 purchase date or the date the lease agreement was signed, the maximum  
3 amount eligible under (b)(i) of this subsection is sixteen thousand  
4 dollars.

5 (2) The seller must keep records necessary for the department to  
6 verify eligibility under this section. A person claiming the  
7 exemption must also submit itemized information to the department for  
8 all vehicles for which an exemption is claimed that must include the  
9 following: Vehicle make; vehicle model; model year; whether the  
10 vehicle has been sold or leased; date of sale or start date of lease;  
11 length of lease; sales price for purchased vehicles and fair market  
12 value at the inception of the lease for leased vehicles; and the  
13 total amount qualifying for the incentive claimed for each vehicle,  
14 in addition to the future monthly amount to be claimed for each  
15 leased vehicle. This information must be provided in a form and  
16 manner prescribed by the department.

17 (3)(a) The department of licensing must maintain and publish a  
18 list of all vehicle models that meet the qualifying criteria in  
19 subsection (1)(a)(i) or (ii) of this section and section 11(1)(a)(i)  
20 or (ii) of this act until the expiration date of this section, and is  
21 authorized to issue final rulings on vehicle model qualification for  
22 these criteria. A seller is not responsible for repayment of the tax  
23 exemption under this section and section 11 of this act for a vehicle  
24 if the department of licensing's published list of qualifying vehicle  
25 models on the purchase date or the date the lease agreement was  
26 signed includes the vehicle model and the department of licensing  
27 subsequently removes the vehicle model from the published list,  
28 provided the vehicle meets the applicable qualifying criterion under  
29 subsection (1)(a)(iii) of this section and section 11(1)(a)(iii) of  
30 this act.

31 (b) The department of revenue retains responsibility for  
32 determining whether a vehicle meets the applicable qualifying  
33 criterion under subsection (1)(a)(iii) of this section and section  
34 11(1)(a)(iii) of this act.

35 (4) On the last day of January, April, July, and October of each  
36 year, the state treasurer, based upon information provided by the  
37 department, must transfer from the electric vehicle account to the  
38 general fund a sum equal to the dollar amount that would otherwise  
39 have been deposited into the general fund during the prior calendar  
40 quarter but for the exemption provided in this section. Information

1 provided by the department to the state treasurer must be based on  
2 the best available data, except that the department may provide  
3 estimates of taxes exempted under this section until such time as  
4 retailers are able to report such exempted amounts on their tax  
5 returns.

6 (5) By the last day of October 2019, and every six months  
7 thereafter until this section expires, based on the best available  
8 data, the department must report the following information to the  
9 transportation committees of the legislature: The cumulative number  
10 of vehicles that qualified for the exemption under this section and  
11 section 11 of this act by month of purchase or lease start and  
12 vehicle make and model; the dollar amount of all state retail sales  
13 and use taxes exempted on or after the qualification period start  
14 date, under this section and section 11 of this act; and estimates of  
15 the future costs of leased vehicles that qualified for the exemption  
16 under this section and section 11 of this act.

17 (6) The definitions in this subsection apply throughout this  
18 section unless the context clearly requires otherwise.

19 (a) "Clean alternative fuel" means natural gas, propane,  
20 hydrogen, or electricity, when used as a fuel in a motor vehicle that  
21 meets the California motor vehicle emission standards in Title 13 of  
22 the California Code of Regulations, effective January 1, 2019, and  
23 the rules of the Washington state department of ecology.

24 (b) "Fair market value" has the same meaning as "value of the  
25 article used" in RCW 82.12.010.

26 (c) "New vehicle" has the same meaning as "new motor vehicle" in  
27 RCW 46.04.358.

28 (d) "Qualification period end date" means August 1, 2025.

29 (e) "Qualification period start date" means the effective date of  
30 this section.

31 (f) "Used vehicle" has the same meaning as in RCW 46.04.660.

32 (7)(a) Sales of vehicles delivered to the buyer or leased  
33 vehicles for which the lease agreement was signed after the  
34 qualification period end date do not qualify for the exemption under  
35 this section.

36 (b) All leased vehicles that qualified for the exemption under  
37 this section before the qualification period end date must continue  
38 to receive the exemption as described under subsection (1)(b) of this  
39 section on any lease payments due through the remainder of the lease  
40 before the expiration date of this section.

1 (8) This section expires August 1, 2028.

2 NEW SECTION. **Sec. 11.** A new section is added to chapter 82.12  
3 RCW to read as follows:

4 (1) Beginning with sales made or lease agreements signed on or  
5 after the qualification period start date:

6 (a) The provisions of this chapter do not apply as provided in  
7 (b) of this subsection in respect to the use of new or used passenger  
8 cars, light duty trucks, and medium duty passenger vehicles that:

9 (i) Are exclusively powered by a clean alternative fuel; or

10 (ii) Use at least one method of propulsion that is capable of  
11 being reenergized by an external source of electricity and are  
12 capable of traveling at least thirty miles using only battery power;  
13 and

14 (iii) (A) Have a fair market value at the time use tax is imposed  
15 for purchased vehicles that:

16 (I) For a vehicle that is a new vehicle at the time of the  
17 purchase date or the date the lease agreement was signed, does not  
18 exceed forty-five thousand dollars; or

19 (II) For a vehicle that is a used vehicle at the time of the  
20 purchase date or the date the lease agreement was signed, does not  
21 exceed thirty thousand dollars; or

22 (B) Have a fair market value at the inception of the lease for  
23 leased vehicles that:

24 (I) For a vehicle that is a new vehicle at the time of the  
25 purchase date or the date the lease agreement was signed, does not  
26 exceed forty-five thousand dollars; or

27 (II) For a vehicle that is a used vehicle at the time of the  
28 purchase date or the date the lease agreement was signed, does not  
29 exceed thirty thousand dollars;

30 (b) (i) The exemption in this section is only applicable for up to  
31 the amounts specified in (b) (ii) or (iii) of this subsection of:

32 (A) The total amount of the vehicle's purchase price, for sales  
33 made; or

34 (B) The total lease payments made plus any additional purchase  
35 price of the leased vehicle if the original lessee purchases the  
36 leased vehicle before the qualification period end date, for lease  
37 agreements signed.

1 (ii) Based on the purchase date or the date the lease agreement  
2 was signed of the vehicle if the vehicle is a new vehicle at the time  
3 of the purchase date or the date the lease agreement was signed:

4 (A) From the qualification period start date until July 31, 2021,  
5 the maximum amount eligible under (b)(i) of this subsection is  
6 thirty-two thousand dollars;

7 (B) From August 1, 2021, until July 31, 2023, the maximum amount  
8 eligible under (b)(i) of this subsection is twenty-four thousand  
9 dollars;

10 (C) From August 1, 2023, until July 31, 2025, the maximum amount  
11 eligible under (b)(i) of this subsection is sixteen thousand dollars.

12 (iii) If the vehicle is a used vehicle at the time of the  
13 purchase date or the date the lease agreement was signed, the maximum  
14 amount eligible under (b)(i) of this subsection is sixteen thousand  
15 dollars.

16 (2)(a) The seller must keep records necessary for the department  
17 to verify eligibility under this section, except as provided in (b)  
18 of this subsection. A person claiming the exemption must also submit  
19 itemized information to the department for all vehicles for which an  
20 exemption is claimed that must include the following: Vehicle make;  
21 vehicle model; model year; whether the vehicle has been sold or  
22 leased; date of sale or start date of lease; length of lease; fair  
23 market value of the vehicle; and the total amount qualifying for the  
24 incentive claimed for each vehicle, in addition to the future monthly  
25 amount to be claimed for each leased vehicle. This information must  
26 be provided in a form and manner prescribed by the department.

27 (b) (a) of this subsection applies only if the seller or person  
28 claiming the exemption is a vehicle dealer, as defined under RCW  
29 46.70.011. When the seller is not a vehicle dealer, the department of  
30 licensing shall establish a process for granting the tax exemption  
31 under this section for use tax otherwise collected at the time the  
32 ownership of a vehicle is transferred when the vehicle qualifies for  
33 the use tax exemption under subsection (1)(a) of this section, and  
34 must provide any information required under (a) of this subsection  
35 that it obtains as part of the vehicle titling and registration  
36 process for these vehicles to the department on at least a quarterly  
37 basis.

38 (3) On the last day of January, April, July, and October of each  
39 year, the state treasurer, based upon information provided by the  
40 department, must transfer from the electric vehicle account to the

1 general fund a sum equal to the dollar amount that would otherwise  
2 have been deposited into the general fund during the prior calendar  
3 quarter but for the exemption provided in this section. Information  
4 provided by the department to the state treasurer must be based on  
5 the best available data.

6 (4) (a) Vehicles purchased or leased vehicles for which the lease  
7 agreement was signed after the qualification period end date do not  
8 qualify for the exemption under this section.

9 (b) All leased vehicles that qualified for the exemption under  
10 this section before the qualification period end date must continue  
11 to receive the exemption as described under subsection (1) (b) of this  
12 section on any lease payments due through the remainder of the lease  
13 before the expiration date of this section.

14 (5) The definitions in section 10 of this act apply to this  
15 section.

16 (6) This section expires August 1, 2028.

17 **Sec. 12.** RCW 82.08.816 and 2009 c 459 s 4 are each amended to  
18 read as follows:

19 (1) The tax imposed by RCW 82.08.020 does not apply to:

20 (a) The sale of batteries or fuel cells for electric vehicles,  
21 including batteries or fuel cells sold as a component of an electric  
22 bus at the time of the vehicle's sale;

23 (b) The sale of or charge made for labor and services rendered in  
24 respect to installing, repairing, altering, or improving electric  
25 vehicle batteries or fuel cells;

26 (c) The sale of or charge made for labor and services rendered in  
27 respect to installing, constructing, repairing, or improving battery  
28 or fuel cell electric vehicle infrastructure, including hydrogen  
29 fueling stations; (~~and~~)

30 (d) The sale of tangible personal property that will become a  
31 component of battery or fuel cell electric vehicle infrastructure  
32 during the course of installing, constructing, repairing, or  
33 improving battery or fuel cell electric vehicle infrastructure; and

34 (e) The sale of zero emissions buses.

35 (2) Sellers may make tax exempt sales under this section only if  
36 the buyer provides the seller with an exemption (~~certification~~)  
37 certificate in a form and manner prescribed by the department. The  
38 seller must retain a copy of the certificate for the seller's files.

1 (3) The definitions in this subsection apply throughout this  
2 section unless the context clearly requires otherwise.

3 (a) "Battery charging station" means an electrical component  
4 assembly or cluster of component assemblies designed specifically to  
5 charge batteries within electric vehicles, which meet or exceed any  
6 standards, codes, and regulations set forth by chapter 19.28 RCW and  
7 consistent with rules adopted under RCW 19.27.540.

8 (b) "Battery exchange station" means a fully automated facility  
9 that will enable an electric vehicle with a swappable battery to  
10 enter a drive lane and exchange the depleted battery with a fully  
11 charged battery through a fully automated process, which meets or  
12 exceeds any standards, codes, and regulations set forth by chapter  
13 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

14 (c) "Electric vehicle infrastructure" means structures,  
15 machinery, and equipment necessary and integral to support ~~((an))~~ a  
16 battery or fuel cell electric vehicle, including battery charging  
17 stations, rapid charging stations, ~~((and))~~ battery exchange stations,  
18 fueling stations that provide hydrogen for fuel cell electric  
19 vehicles, and renewable hydrogen production facilities.

20 (d) "Rapid charging station" means an industrial grade electrical  
21 outlet that allows for faster recharging of electric vehicle  
22 batteries through higher power levels, which meets or exceeds any  
23 standards, codes, and regulations set forth by chapter 19.28 RCW and  
24 consistent with rules adopted under RCW 19.27.540.

25 (e) "Renewable hydrogen" means hydrogen produced using renewable  
26 resources both as the source for hydrogen and the source for the  
27 energy input into the production process.

28 (f) "Renewable resource" means (i) water; (ii) wind; (iii) solar  
29 energy; (iv) geothermal energy; (v) renewable natural gas; (vi)  
30 renewable hydrogen; (vii) wave, ocean, or tidal power; (viii)  
31 biodiesel fuel that is not derived from crops raised on land cleared  
32 from old growth or first growth forests; or (ix) biomass energy.

33 (g) "Zero emissions bus" means a bus that emits no exhaust gas  
34 from the onboard source of power, other than water vapor.

35 (4) This section expires ~~((January))~~ August 1, ((2020)) 2029.

36 **Sec. 13.** RCW 82.12.816 and 2009 c 459 s 5 are each amended to  
37 read as follows:

38 (1) The tax imposed by RCW 82.12.020 does not apply to the use  
39 of:

1 (a) Electric vehicle batteries or fuel cells, including batteries  
2 or fuel cells sold as a component of an electric bus at the time of  
3 the vehicle's sale;

4 (b) Labor and services rendered in respect to installing,  
5 repairing, altering, or improving electric vehicle batteries or fuel  
6 cells; ~~((and))~~

7 (c) Tangible personal property that will become a component of  
8 battery or fuel cell electric vehicle infrastructure during the  
9 course of installing, constructing, repairing, or improving battery  
10 or fuel cell electric vehicle infrastructure; and

11 (d) Zero emissions buses.

12 (2) The definitions in this subsection apply throughout this  
13 section unless the context clearly requires otherwise.

14 (a) "Battery charging station" means an electrical component  
15 assembly or cluster of component assemblies designed specifically to  
16 charge batteries within electric vehicles, which meet or exceed any  
17 standards, codes, and regulations set forth by chapter 19.28 RCW and  
18 consistent with rules adopted under RCW 19.27.540.

19 (b) "Battery exchange station" means a fully automated facility  
20 that will enable an electric vehicle with a swappable battery to  
21 enter a drive lane and exchange the depleted battery with a fully  
22 charged battery through a fully automated process, which meets or  
23 exceeds any standards, codes, and regulations set forth by chapter  
24 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

25 (c) "Electric vehicle infrastructure" means structures,  
26 machinery, and equipment necessary and integral to support ~~((an))~~ a  
27 battery or fuel cell electric vehicle, including battery charging  
28 stations, rapid charging stations, ~~((and))~~ battery exchange stations,  
29 fueling stations that provide hydrogen for fuel cell electric  
30 vehicles, and renewable hydrogen production facilities.

31 (d) "Rapid charging station" means an industrial grade electrical  
32 outlet that allows for faster recharging of electric vehicle  
33 batteries through higher power levels, which meets or exceeds any  
34 standards, codes, and regulations set forth by chapter 19.28 RCW and  
35 consistent with rules adopted under RCW 19.27.540.

36 (e) "Renewable hydrogen" means hydrogen produced using renewable  
37 resources both as the source for hydrogen and the source for the  
38 energy input into the production process.

39 (f) "Renewable resource" means (i) water; (ii) wind; (iii) solar  
40 energy; (iv) geothermal energy; (v) renewable natural gas; (vi)

1 renewable hydrogen; (vii) wave, ocean, or tidal power; (viii)  
2 biodiesel fuel that is not derived from crops raised on land cleared  
3 from old growth or first growth forests; or (ix) biomass energy.

4 (g) "Zero emissions bus" means a bus that emits no exhaust gas  
5 from the onboard source of power, other than water vapor.

6 (3) This section expires (~~(January)~~) August 1, ((2020)) 2029.

7 **Sec. 14.** RCW 82.16.0496 and 2017 c 116 s 2 are each amended to  
8 read as follows:

9 (1) (a) (i) A person who is taxable under this chapter is allowed a  
10 credit against the tax imposed in this chapter according to the gross  
11 vehicle weight rating of the vehicle and the incremental cost of the  
12 vehicle purchased above the purchase price of a comparable  
13 conventionally fueled vehicle. The credit is limited, as set forth in  
14 the table below, to the lesser of the incremental cost amount or the  
15 maximum credit amount per vehicle purchased, and subject to a maximum  
16 annual credit amount per vehicle class.

Gross Vehicle Weight	Incremental Cost Amount	Maximum Credit Amount Per Vehicle	Maximum Annual Credit Per Vehicle Class
Up to 14,000 pounds	<del>((50%))</del> <u>75%</u> of incremental cost	\$25,000	\$2,000,000
14,001 to 26,500 pounds	<del>((50%))</del> <u>75%</u> of incremental cost	\$50,000	\$2,000,000
Above 26,500 pounds	<del>((50%))</del> <u>75%</u> of incremental cost	\$100,000	\$2,000,000

25 (ii) A person who is taxable under this chapter is allowed a  
26 credit against the tax imposed in this chapter for up to fifty  
27 percent of the cost to purchase alternative fuel vehicle  
28 infrastructure, tangible personal property that will become a  
29 component of alternative fuel vehicle infrastructure, and  
30 installation and construction of alternative fuel vehicle  
31 infrastructure, but excluding the cost of property acquisition and  
32 site improvement related to the installation of alternative fuel  
33 vehicle infrastructure. The credit is subject to a maximum annual  
34 credit amount of two million dollars.

35 (b) On September 1st of each year, any unused credits from any  
36 (~~(weight class)~~) category identified in (~~(the table in)~~) (a) of this  
37 subsection must be made available to applicants applying for credits

1 under any other (~~weight class listed~~) category identified in (a) of  
2 this subsection, subject to the maximum annual and total credit  
3 amounts identified in this subsection. The credit established in this  
4 section and RCW 82.04.4496 is subject to a maximum annual credit  
5 amount of six million dollars, and a maximum total credit amount of  
6 thirty-two and one-half million dollars beginning July 15, 2015.

7 (c) The credit provided in (a)(i) of this subsection (~~((1))~~) is  
8 available for the lease of a vehicle. The credit amount for a leased  
9 vehicle is equal to the credit in (a)(i) of this subsection (~~((1))~~)  
10 multiplied by the lease reduction factor. The person claiming the  
11 credit for a leased vehicle must be the lessee as identified in the  
12 lease contract.

13 (2) A person who is taxable under this chapter is allowed,  
14 subject to the maximum annual credit per (~~vehicle class~~) category  
15 in subsection (1)(a) of this section, a credit against the tax  
16 imposed in this chapter for the lesser of twenty-five thousand  
17 dollars or (~~thirty~~) fifty percent of the costs of converting a  
18 commercial vehicle to be principally powered by a clean alternative  
19 fuel with a United States environmental protection agency certified  
20 conversion.

21 (3) The total credits under subsection (1)(a)(i) of this section  
22 may not exceed the lesser of two hundred fifty thousand dollars or  
23 twenty-five vehicles per person per calendar year.

24 (4) A person may not receive credit under this section for  
25 amounts claimed as credits under chapter 82.04 RCW.

26 (5) Credits are available on a first-in-time basis.

27 (a) The department must disallow any credits, or portion thereof,  
28 that would cause the total amount of credits claimed under this  
29 section, and RCW 82.04.4496, during any calendar year to exceed six  
30 million dollars. The department must provide notification on its web  
31 site monthly on the amount of credits that have been applied for, the  
32 amount issued, and the amount remaining before the statewide annual  
33 limit is reached. In addition, the department must provide written  
34 notice to any person who has applied to claim tax credits in excess  
35 of the limitation in this subsection.

36 (b) The department must disallow any credits, or portion thereof,  
37 that would cause the total amount of credits claimed beginning July  
38 15, 2015, under this section and RCW 82.04.4496 to exceed thirty-two  
39 and one-half million dollars. The department must provide  
40 notification on its web site monthly on the total amount of credits

1 that have been applied for, the amount issued, and the amount  
2 remaining before the statewide limit is reached. In addition, the  
3 department must provide written notice to any person who has applied  
4 to claim tax credits in excess of the limitation in this subsection.

5 (6) For the purposes of the limits provided in this section, a  
6 credit must be counted against such limits for the calendar year in  
7 which the credit is earned.

8 (7) To claim a credit under this section a person must  
9 electronically file with the department all returns, forms, and any  
10 other information required by the department, in an electronic format  
11 as provided or approved by the department. No refunds may be granted  
12 for credits under this section.

13 (8) To claim a credit under this section, the person applying  
14 must:

15 (a) Complete an application for the credit which must include:

16 (i) The name, business address, and tax identification number of  
17 the applicant;

18 (ii) A quote or unexecuted copy of the purchase requisition or  
19 order for the vehicle, infrastructure, infrastructure components,  
20 infrastructure construction, or infrastructure installation;

21 (iii) The type of alternative fuel to be used by the vehicle or  
22 supported by the infrastructure;

23 (iv) The incremental cost of the alternative fuel system for  
24 vehicle credits;

25 (v) The anticipated delivery date of the vehicle, the anticipated  
26 delivery date of the infrastructure or infrastructure components, the  
27 anticipated construction completion date of the infrastructure, or  
28 the anticipated installation completion date of the infrastructure;

29 (vi) The estimated annual fuel use of the vehicle in the  
30 anticipated duties or the estimated annual fuel to be supplied by the  
31 infrastructure;

32 (vii) The gross weight of each vehicle for vehicle credits;

33 (viii) For leased vehicles, a copy of the lease contract that  
34 includes the gross capitalized cost, residual value, and name of the  
35 lessee; and

36 (ix) Any other information deemed necessary by the department to  
37 support administration or reporting of the program.

38 (b) Within fifteen days of notice of credit availability from the  
39 department, provide notice of intent to claim the credit including:

1 (i) A copy of the order for the vehicle or infrastructure-related  
2 item, including the total cost for the vehicle or infrastructure-  
3 related item;

4 (ii) The anticipated delivery date of the vehicle or  
5 infrastructure or infrastructure component, which must be within one  
6 year of acceptance of the credit; ~~((and))~~

7 (iii) The anticipated construction or installation completion  
8 date of the infrastructure, which must be within two years of  
9 acceptance of the credit; and

10 (iv) Any other information deemed necessary by the department to  
11 support administration or reporting of the program.

12 (c) Provide final documentation within ~~((fifteen))~~ thirty days of  
13 receipt of the vehicle or infrastructure or infrastructure components  
14 or of completion of construction or installation of the  
15 infrastructure, including:

16 (i) A copy of the final invoice for the vehicle or  
17 infrastructure-related items;

18 (ii) A copy of the factory build sheet or equivalent  
19 documentation;

20 (iii) The vehicle identification number of each vehicle;

21 (iv) The incremental cost of the alternative fuel system for  
22 vehicle credits;

23 (v) Attestations signed by both the seller and purchaser of the  
24 vehicle attesting that the incremental cost of the alternative fuel  
25 system includes only the costs necessary for the vehicle to run on  
26 alternative fuel and no other vehicle options, equipment, or costs;  
27 and

28 (vi) Any other information deemed necessary by the department to  
29 support administration or reporting of the program.

30 (9) A person applying for credit under subsection (8) of this  
31 section may apply for multiple vehicles on the same application, but  
32 the application must include the required information for each  
33 vehicle included in the application. A separate application is  
34 required for infrastructure-related items, but all infrastructure-  
35 related items at a single location may be included in a single  
36 application provided the required information for each  
37 infrastructure-related item is included in the application.

38 (10) To administer the credits, the department must, at a  
39 minimum:

1 (a) Provide notification on its web site monthly of the amount of  
2 credits that have been applied for, claimed, and the amount remaining  
3 before the statewide annual limit (~~(is)~~) and total limit are reached;

4 (b) Within fifteen days of receipt of the application, notify  
5 persons applying of the availability of tax credits in the year in  
6 which the vehicles or infrastructure applied for are anticipated to  
7 be delivered, constructed, or installed;

8 (c) Within fifteen days of receipt of the notice of intent to  
9 claim the tax credit, notify the applicant of the approval, denial,  
10 or missing information in their notice; and

11 (d) Within fifteen days of receipt of final documentation, review  
12 the documentation and notify the person applying of the acceptance of  
13 their final documentation.

14 (11) If a person fails to supply the information as required in  
15 subsection (8) of this section, the department must deny the  
16 application.

17 (12)(a) Taxpayers are only eligible for a credit under this  
18 section based on:

19 (i) Sales or leases of new commercial vehicles and qualifying  
20 used commercial vehicles with propulsion units that are principally  
21 powered by a clean alternative fuel; (~~(or)~~)

22 (ii) Costs to modify a commercial vehicle, including sales of  
23 tangible personal property incorporated into the vehicle and labor or  
24 service expenses incurred in modifying the vehicle, to be principally  
25 powered by a clean alternative fuel; or

26 (iii) Sales of alternative fuel vehicle infrastructure or  
27 infrastructure components, or the cost of construction or  
28 installation of alternative fuel vehicle infrastructure.

29 (b) A credit is earned when the purchaser or the lessee takes  
30 receipt of the qualifying commercial vehicle or infrastructure-  
31 related item, the vehicle conversion is complete, or the construction  
32 or installation of the infrastructure is complete.

33 (13) The definitions in RCW 82.04.4496 apply to this section.

34 (14) A credit earned during one calendar year may be carried over  
35 to be credited against taxes incurred in the subsequent calendar  
36 year, but may not be carried over a second year.

37 (15)(a) Beginning November 25, 2015, and on the 25th of February,  
38 May, August, and November of each year thereafter, the department  
39 must notify the state treasurer of the amount of credits taken under  
40 this section as reported on returns filed with the department during

1 the preceding calendar quarter ending on the last day of December,  
2 March, June, and September, respectively.

3 (b) On the last day of March, June, September, and December of  
4 each year, the state treasurer, based upon information provided by  
5 the department, must transfer a sum equal to the dollar amount of the  
6 credit provided under this section from the multimodal transportation  
7 account to the general fund.

8 (16) Credits may be earned under this section from January 1,  
9 2016, (~~((through January 1, 2021))~~) until the maximum total credit  
10 amount in subsection (1)(b) of this section is reached, except for  
11 credits for leased vehicles, which may be earned from July 1, 2016,  
12 (~~((through January 1, 2021))~~) until the maximum total credit amount in  
13 subsection (1)(b) of this section is reached.

14 (~~((17) Credits earned under this section may not be used after~~  
15 ~~January 1, 2022.~~

16 ~~(18) This section expires January 1, 2022.))~~

17 **Sec. 15.** RCW 82.29A.125 and 2009 c 459 s 3 are each amended to  
18 read as follows:

19 (1) Leasehold excise tax may not be imposed on leases to tenants  
20 of public lands for purposes of installing, maintaining, and  
21 operating electric vehicle infrastructure.

22 (2) The definitions in this subsection apply throughout this  
23 section unless the context clearly requires otherwise.

24 (a) "Battery charging station" means an electrical component  
25 assembly or cluster of component assemblies designed specifically to  
26 charge batteries within electric vehicles, which meet or exceed any  
27 standards, codes, and regulations set forth by chapter 19.28 RCW and  
28 consistent with rules adopted under RCW 19.27.540.

29 (b) "Battery exchange station" means a fully automated facility  
30 that will enable an electric vehicle with a swappable battery to  
31 enter a drive lane and exchange the depleted battery with a fully  
32 charged battery through a fully automated process, which meets or  
33 exceeds any standards, codes, and regulations set forth by chapter  
34 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

35 (c) "Electric vehicle infrastructure" means structures,  
36 machinery, and equipment necessary and integral to support an  
37 electric vehicle, including battery charging stations, rapid charging  
38 stations, (~~and~~) battery exchange stations, fueling stations that

1 provide hydrogen for fuel cell electric vehicles, and renewable  
2 hydrogen production facilities.

3 (d) "Rapid charging station" means an industrial grade electrical  
4 outlet that allows for faster recharging of electric vehicle  
5 batteries through higher power levels, which meets or exceeds any  
6 standards, codes, and regulations set forth by chapter 19.28 RCW and  
7 consistent with rules adopted under RCW 19.27.540.

8 (e) "Renewable hydrogen" means hydrogen produced using renewable  
9 resources both as the source for hydrogen and the source for energy  
10 input into the production process.

11 (f) "Renewable resource" means (i) water; (ii) wind; (iii) solar  
12 energy; (iv) geothermal energy; (v) renewable natural gas; (vi)  
13 renewable hydrogen; (vii) wave, ocean, or tidal power; (viii)  
14 biodiesel fuel that is not derived from crops raised on land cleared  
15 from old growth or first growth forests; or (ix) biomass energy.

16 (3) This section expires ((January)) August 1, ((2020)) 2029.

17 **Sec. 16.** RCW 82.44.200 and 2015 3rd sp.s. c 44 s 404 are each  
18 amended to read as follows:

19 The electric vehicle ((charging infrastructure)) account is  
20 created in the transportation infrastructure account. Proceeds from  
21 the principal and interest payments made on loans from the account  
22 must be deposited into the account. Expenditures from the account may  
23 be used only for the purposes specified in RCW 47.04.350 and sections  
24 10 and 11 of this act. Moneys in the account may be spent only after  
25 appropriation.

26 NEW SECTION. **Sec. 17.** A new section is added to chapter 47.04  
27 RCW to read as follows:

28 (1) Subject to the availability of amounts appropriated for this  
29 specific purpose, the department's public-private partnership office  
30 must develop a pilot program to support clean alternative fuel car  
31 sharing programs to provide clean alternative fuel vehicle use  
32 opportunities to underserved communities and low to moderate income  
33 members of the workforce not readily served by transit or located in  
34 transportation corridors with emissions that exceed federal or state  
35 emissions standards. Nonprofit organizations or local governments,  
36 including housing authorities, with a demonstrated history of  
37 managing or implementing low-income transportation clean alternative

1 fuel and shared mobility pilot programs are eligible to participate  
2 in this program.

3 (2) The department must determine specific eligibility criteria,  
4 based on the requirements of this section, the report submitted to  
5 the legislature by the Puget Sound clean air agency entitled  
6 facilitating low-income utilization of electric vehicles, and other  
7 factors relevant to increasing clean alternative fuel vehicle use in  
8 underserved and low to moderate income communities. The department  
9 may adopt rules specifying the eligibility criteria it selects.

10 (3) The department may conduct preliminary workshops with  
11 potential bidders and other potential partners to determine the best  
12 method of designing the pilot program.

13 (4) The department must include the following elements in its  
14 proposal evaluation and scoring methodology: History of successful  
15 management of equity focused clean alternative fuel vehicle projects;  
16 substantial level of involvement from community-based, equity focused  
17 organizations in the project; plan for long-term financial  
18 sustainability of the work beyond the duration of the grant period;  
19 matching resources leveraged for the project; and geographical  
20 diversity of the projects selected.

21 (5) After selecting successful proposals under this section, the  
22 department may provide grant funding to them. The total grant amount  
23 available per project may range from fifty thousand to two hundred  
24 thousand dollars. The grant opportunity must include possible funding  
25 of vehicles, charging or refueling station infrastructure, staff  
26 time, and any other expenses required to implement the project. No  
27 more than ten percent of grant funds may be used for administrative  
28 expenses.

29 (6) (a) Any property acquired with state grant funding under this  
30 section by nongovernmental participants must be used solely for  
31 program purposes and, if sold, the proceeds of the sale must be used  
32 solely for program purposes.

33 (b) At the termination of a program for providing alternative  
34 fuel car sharing services, the state must be reimbursed for any  
35 property acquired with state grant funding under this section that  
36 nongovernmental participants in the program retain at the time of  
37 program termination. The amount of reimbursement may under no  
38 circumstances be less than the fair market value of the property at  
39 the time of the termination of the program.

1        NEW SECTION.     **Sec. 18.**     (1) Subject to the availability of  
2 amounts appropriated for this specific purpose, the department of  
3 commerce must conduct a study to identify opportunities to reduce  
4 barriers to battery and fuel cell electric vehicle adoption by lower  
5 income residents of the state through the use of vehicle and  
6 infrastructure financing assistance. The study must include an  
7 assessment of opportunities to work with nonprofit lenders to  
8 facilitate vehicle purchases through the use of loan-loss reserves  
9 and rate buy downs by qualified borrowers purchasing battery and fuel  
10 cell electric vehicles that are eligible for the tax exemptions under  
11 sections 10 and 11 of this act, and may address additional financing  
12 assistance opportunities identified. The study must focus on  
13 potential borrowers who are at or below eighty percent of the state  
14 median household income. The study may also address any additional  
15 opportunities identified to increase electric vehicle adoption by  
16 lower income residents of the state.

17        (2) The department of commerce must provide a report detailing  
18 the findings of this study to the transportation committees of the  
19 legislature by June 30, 2020, and may contract with a consultant on  
20 all or a portion of the study.

21        NEW SECTION.     **Sec. 19.**     A new section is added to chapter 47.66  
22 RCW to read as follows:

23        (1)(a) Subject to the availability of amounts appropriated for  
24 this specific purpose, the department's public transportation  
25 division shall establish a green transportation capital grant  
26 program. The purpose of the grant program is to aid any transit  
27 authority in funding cost-effective capital projects to reduce the  
28 carbon intensity of the Washington transportation system, examples of  
29 which include: Electrification of vehicle fleets, including battery  
30 and fuel cell electric vehicles; modification or replacement of  
31 capital facilities in order to facilitate fleet electrification  
32 and/or hydrogen refueling; necessary upgrades to electrical  
33 transmission and distribution systems; and construction of charging  
34 and fueling stations. The department's public transportation division  
35 shall identify projects and shall submit a prioritized list of all  
36 projects requesting funding to the legislature by December 1st of  
37 each even-numbered year.

1 (b) The department's public transportation division shall select  
2 projects based on a competitive process that considers the following  
3 criteria:

4 (i) The cost-effectiveness of the reductions in carbon emissions  
5 provided by the project; and

6 (ii) The benefit provided to transitioning the entire state to a  
7 transportation system with lower carbon intensity.

8 (2) The department's public transportation division must  
9 establish an advisory committee to assist in identifying projects  
10 under subsection (1) of this section. The advisory committee must  
11 include representatives from the department of ecology, the  
12 department of commerce, the utilities and transportation commission,  
13 and at least one transit authority.

14 (3) In order to receive green transportation capital grant  
15 program funding for a project, a transit authority must provide  
16 matching funding for that project that is at least equal to twenty  
17 percent of the total cost of the project.

18 (4) The department's public transportation division must report  
19 annually to the transportation committees of the legislature on the  
20 status of any grant projects funded by the program created under this  
21 section.

22 (5) For purposes of this section, "transit authority" means a  
23 city transit system under RCW 35.58.2721 or chapter 35.95A RCW, a  
24 county public transportation authority under chapter 36.57 RCW, a  
25 metropolitan municipal corporation transit system under chapter 36.56  
26 RCW, a public transportation benefit area under chapter 36.57A RCW,  
27 an unincorporated transportation benefit area under RCW 36.57.100, a  
28 regional transit authority under chapter 81.112 RCW, or any special  
29 purpose district formed to operate a public transportation system.

30 **Sec. 20.** RCW 43.84.092 and 2018 c 287 s 7, 2018 c 275 s 10, and  
31 2018 c 203 s 14 are each reenacted and amended to read as follows:

32 (1) All earnings of investments of surplus balances in the state  
33 treasury shall be deposited to the treasury income account, which  
34 account is hereby established in the state treasury.

35 (2) The treasury income account shall be utilized to pay or  
36 receive funds associated with federal programs as required by the  
37 federal cash management improvement act of 1990. The treasury income  
38 account is subject in all respects to chapter 43.88 RCW, but no  
39 appropriation is required for refunds or allocations of interest

1 earnings required by the cash management improvement act. Refunds of  
2 interest to the federal treasury required under the cash management  
3 improvement act fall under RCW 43.88.180 and shall not require  
4 appropriation. The office of financial management shall determine the  
5 amounts due to or from the federal government pursuant to the cash  
6 management improvement act. The office of financial management may  
7 direct transfers of funds between accounts as deemed necessary to  
8 implement the provisions of the cash management improvement act, and  
9 this subsection. Refunds or allocations shall occur prior to the  
10 distributions of earnings set forth in subsection (4) of this  
11 section.

12 (3) Except for the provisions of RCW 43.84.160, the treasury  
13 income account may be utilized for the payment of purchased banking  
14 services on behalf of treasury funds including, but not limited to,  
15 depository, safekeeping, and disbursement functions for the state  
16 treasury and affected state agencies. The treasury income account is  
17 subject in all respects to chapter 43.88 RCW, but no appropriation is  
18 required for payments to financial institutions. Payments shall occur  
19 prior to distribution of earnings set forth in subsection (4) of this  
20 section.

21 (4) Monthly, the state treasurer shall distribute the earnings  
22 credited to the treasury income account. The state treasurer shall  
23 credit the general fund with all the earnings credited to the  
24 treasury income account except:

25 (a) The following accounts and funds shall receive their  
26 proportionate share of earnings based upon each account's and fund's  
27 average daily balance for the period: The abandoned recreational  
28 vehicle disposal account, the aeronautics account, the aircraft  
29 search and rescue account, the Alaskan Way viaduct replacement  
30 project account, the brownfield redevelopment trust fund account, the  
31 budget stabilization account, the capital vessel replacement account,  
32 the capitol building construction account, the Cedar River channel  
33 construction and operation account, the Central Washington University  
34 capital projects account, the charitable, educational, penal and  
35 reformatory institutions account, the Chehalis basin account, the  
36 cleanup settlement account, the Columbia river basin water supply  
37 development account, the Columbia river basin taxable bond water  
38 supply development account, the Columbia river basin water supply  
39 revenue recovery account, the common school construction fund, the  
40 community forest trust account, the connecting Washington account,

1 the county arterial preservation account, the county criminal justice  
2 assistance account, the deferred compensation administrative account,  
3 the deferred compensation principal account, the department of  
4 licensing services account, the department of licensing tuition  
5 recovery trust fund, the department of retirement systems expense  
6 account, the developmental disabilities community trust account, the  
7 diesel idle reduction account, the drinking water assistance account,  
8 the drinking water assistance administrative account, the early  
9 learning facilities development account, the early learning  
10 facilities revolving account, the Eastern Washington University  
11 capital projects account, the Interstate 405 express toll lanes  
12 operations account, the education construction fund, the education  
13 legacy trust account, the election account, the electric vehicle  
14 (~~charging infrastructure~~) account, the energy freedom account, the  
15 energy recovery act account, the essential rail assistance account,  
16 The Evergreen State College capital projects account, the federal  
17 forest revolving account, the ferry bond retirement fund, the freight  
18 mobility investment account, the freight mobility multimodal account,  
19 the grade crossing protective fund, the public health services  
20 account, the high capacity transportation account, the state higher  
21 education construction account, the higher education construction  
22 account, the highway bond retirement fund, the highway infrastructure  
23 account, the highway safety fund, the high occupancy toll lanes  
24 operations account, the hospital safety net assessment fund, the  
25 industrial insurance premium refund account, the judges' retirement  
26 account, the judicial retirement administrative account, the judicial  
27 retirement principal account, the local leasehold excise tax account,  
28 the local real estate excise tax account, the local sales and use tax  
29 account, the marine resources stewardship trust account, the medical  
30 aid account, the mobile home park relocation fund, the money-purchase  
31 retirement savings administrative account, the money-purchase  
32 retirement savings principal account, the motor vehicle fund, the  
33 motorcycle safety education account, the multimodal transportation  
34 account, the multiuse roadway safety account, the municipal criminal  
35 justice assistance account, the natural resources deposit account,  
36 the oyster reserve land account, the pension funding stabilization  
37 account, the perpetual surveillance and maintenance account, the  
38 pollution liability insurance agency underground storage tank  
39 revolving account, the public employees' retirement system plan 1  
40 account, the public employees' retirement system combined plan 2 and

1 plan 3 account, the public facilities construction loan revolving  
2 account beginning July 1, 2004, the public health supplemental  
3 account, the public works assistance account, the Puget Sound capital  
4 construction account, the Puget Sound ferry operations account, the  
5 Puget Sound taxpayer accountability account, the real estate  
6 appraiser commission account, the recreational vehicle account, the  
7 regional mobility grant program account, the resource management cost  
8 account, the rural arterial trust account, the rural mobility grant  
9 program account, the rural Washington loan fund, the sexual assault  
10 prevention and response account, the site closure account, the  
11 skilled nursing facility safety net trust fund, the small city  
12 pavement and sidewalk account, the special category C account, the  
13 special wildlife account, the state employees' insurance account, the  
14 state employees' insurance reserve account, the state investment  
15 board expense account, the state investment board commingled trust  
16 fund accounts, the state patrol highway account, the state route  
17 number 520 civil penalties account, the state route number 520  
18 corridor account, the state wildlife account, the statewide tourism  
19 marketing account, the student achievement council tuition recovery  
20 trust fund, the supplemental pension account, the Tacoma Narrows toll  
21 bridge account, the teachers' retirement system plan 1 account, the  
22 teachers' retirement system combined plan 2 and plan 3 account, the  
23 tobacco prevention and control account, the tobacco settlement  
24 account, the toll facility bond retirement account, the  
25 transportation 2003 account (nickel account), the transportation  
26 equipment fund, the transportation future funding program account,  
27 the transportation improvement account, the transportation  
28 improvement board bond retirement account, the transportation  
29 infrastructure account, the transportation partnership account, the  
30 traumatic brain injury account, the tuition recovery trust fund, the  
31 University of Washington bond retirement fund, the University of  
32 Washington building account, the volunteer firefighters' and reserve  
33 officers' relief and pension principal fund, the volunteer  
34 firefighters' and reserve officers' administrative fund, the  
35 Washington judicial retirement system account, the Washington law  
36 enforcement officers' and firefighters' system plan 1 retirement  
37 account, the Washington law enforcement officers' and firefighters'  
38 system plan 2 retirement account, the Washington public safety  
39 employees' plan 2 retirement account, the Washington school  
40 employees' retirement system combined plan 2 and 3 account, the

1 Washington state health insurance pool account, the Washington state  
2 patrol retirement account, the Washington State University building  
3 account, the Washington State University bond retirement fund, the  
4 water pollution control revolving administration account, the water  
5 pollution control revolving fund, the Western Washington University  
6 capital projects account, the Yakima integrated plan implementation  
7 account, the Yakima integrated plan implementation revenue recovery  
8 account, and the Yakima integrated plan implementation taxable bond  
9 account. Earnings derived from investing balances of the agricultural  
10 permanent fund, the normal school permanent fund, the permanent  
11 common school fund, the scientific permanent fund, the state  
12 university permanent fund, and the state reclamation revolving  
13 account shall be allocated to their respective beneficiary accounts.

14 (b) Any state agency that has independent authority over accounts  
15 or funds not statutorily required to be held in the state treasury  
16 that deposits funds into a fund or account in the state treasury  
17 pursuant to an agreement with the office of the state treasurer shall  
18 receive its proportionate share of earnings based upon each account's  
19 or fund's average daily balance for the period.

20 (5) In conformance with Article II, section 37 of the state  
21 Constitution, no treasury accounts or funds shall be allocated  
22 earnings without the specific affirmative directive of this section.

23 NEW SECTION. **Sec. 21.** This section is the tax preference  
24 performance statement for the tax preferences contained in sections  
25 22 and 23, chapter . . ., Laws of 2019 (sections 22 and 23 of this  
26 act). The performance statement is only intended to be used for  
27 subsequent evaluation of the tax preference. It is not intended to  
28 create a private right of action by any party or be used to determine  
29 eligibility for preferential tax treatment.

30 (1) The legislature categorizes the tax preferences as ones  
31 intended to induce certain designated behavior by taxpayers, as  
32 indicated in RCW 82.32.808(2) (a).

33 (2) It is the legislature's specific public policy objective to  
34 increase the use of electric vessels in Washington. It is the  
35 legislature's intent to establish a sales and use tax exemption on  
36 certain electric vessels in order to reduce the price charged to  
37 customers for electric vessels.

38 (3) To measure the effectiveness of the tax preferences in  
39 sections 22 and 23, chapter . . ., Laws of 2019 (sections 22 and 23

1 of this act) in achieving the public policy objectives described in  
2 subsection (2) of this section, the joint legislative audit and  
3 review committee must evaluate the number of electric vessels titled  
4 in the state.

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

11 NEW SECTION. **Sec. 22.** A new section is added to chapter 82.08  
12 RCW to read as follows:

13 (1) The tax imposed by RCW 82.08.020 does not apply to:

14 (a) The sale of new battery-powered electric marine propulsion  
15 systems with continuous power greater than fifteen kilowatts.

16 (b) The sale of new vessels equipped with propulsion systems that  
17 qualify under (a) of this subsection.

18 (2) Sellers may make tax exempt sales under this section only if  
19 the buyer provides the seller with an exemption certificate in a form  
20 and manner prescribed by the department. The seller must retain a  
21 copy of the certificate for the seller's files.

22 (3) For the purposes of this section:

23 (a) A "battery-powered electric marine propulsion system" is a  
24 fully electric outboard or inboard motor used by vessels, the sole  
25 source of propulsive power of which is the energy stored in the  
26 battery packs. It includes required accessories, such as throttles/  
27 displays and battery packs.

28 (b) "Vessel" includes every watercraft, other than a seaplane,  
29 used or capable of being used as a means of transportation on the  
30 water.

31 (4) This section expires August 1, 2029.

32 NEW SECTION. **Sec. 23.** A new section is added to chapter 82.12  
33 RCW to read as follows:

34 (1) The tax imposed by RCW 82.12.020 does not apply to the use  
35 of:

36 (a) New battery-powered electric marine propulsion systems with  
37 continuous power greater than fifteen kilowatts; and

- 1 (b) New vessels equipped with propulsion systems that qualify  
2 under (a) of this subsection.
- 3 (2) Sellers may make tax exempt sales under this section only if  
4 the buyer provides the seller with an exemption certificate in a form  
5 and manner prescribed by the department. The seller must retain a  
6 copy of the certificate for the seller's files.
- 7 (3) For the purposes of this section, "battery-powered electric  
8 marine propulsion system" and "vessel" have the same meanings as in  
9 section 23 of this act.
- 10 (4) This section expires August 1, 2029.

11 NEW SECTION. **Sec. 24.** Sections 1 through 8, 10 through 13, and  
12 15 through 23 of this act take effect August 1, 2019.

13 NEW SECTION. **Sec. 25.** Sections 9 and 14 of this act take effect  
14 January 1, 2020."

15 Correct the title.

EFFECT: Makes the following changes to programs related to green transportation adoption:

(1) Modifies the qualification criteria for the alternative fuel vehicle retail sales and use tax exemption for used vehicles by reducing the maximum used vehicle sales price or fair market value for eligibility for the exemption from \$45,000 to \$30,000;

(2) Clarifies that local governments and other state political subdivisions are eligible to participate in the technical assistance and education program on alternative fuel vehicles for public agencies;

(3) Expands eligibility for participation in the alternative fuel car sharing pilot grant program to support car sharing for underserved communities and lower income workforce members from nonprofit organizations to nonprofit organizations or local governments, including housing authorities; and

(4) Modifies the deadline for the Department of Commerce study on reducing barriers to battery and hydrogen fuel cell electric vehicle adoption by lower income residents of the state through the use of financing assistance from December 1, 2019, to June 30, 2020.

--- END ---