

E2SHB 2042 - S AMD
By Senator Saldaña

ADOPTED AND ENGROSSED 4/28/19

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:

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

13 (2) Subject to the availability of amounts appropriated for this
14 specific purpose through the 2023-2025 biennium, the Washington State
15 University extension energy program must establish and administer a
16 technical assistance and education program focused on the use of
17 alternative fuel vehicles. Education and assistance may be provided
18 to public agencies, including local governments and other state
19 political subdivisions.

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

22 (1) Subject to the availability of amounts appropriated for this
23 specific purpose through the 2023-2025 biennium, the department's
24 public-private partnership office must develop and maintain a
25 ((pilot)) program to support the deployment of ((electric)) clean
26 alternative fuel vehicle charging and refueling infrastructure that
27 is supported by private financing.

28 (2) The department must define corridors in which bidders may
29 propose to install electric vehicle charging infrastructure or
30 hydrogen fueling stations, and may update these corridors over time
31 as needed. Alternatively, a bidder may propose a corridor in which
32 the bidder proposes to install electric vehicle infrastructure or
33 hydrogen fueling stations if the department has adopted rules
34 allowing such a proposal and establishing guidelines for how such a
35 proposal will be considered.

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

38 (i) Bidders must have private sector partners contributing to the
39 project who stand to gain indirect value from development of the

1 project, such as motor vehicle manufacturers, retail stores, or
2 tourism stakeholders;

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

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

9 (iv) Bidders must specify how the project captures the indirect
10 value of charging or refueling station deployment to the private
11 partner.

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

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

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

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

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

26 (6) The department may conduct preliminary workshops with
27 potential bidders and other potential private sector partners to
28 determine the best method of designing and maintaining the ~~((pilot))~~
29 program, discuss how to develop and maintain the partnerships among
30 the private sector partners that may receive indirect value, and any
31 other issues relating to the implementation and administration of
32 this section. The department should consider regional workshops to
33 engage potential business partners from across the state.

34 (7) The department must adopt rules to implement and administer
35 this section.

36 **Sec. 4.** 2019 c ... (SHB 1512) s 1 (uncodified) is amended to
37 read as follows:

38 The legislature finds that:

1 (1) Programs for the electrification of transportation have the
2 potential to allow electric utilities to optimize the use of electric
3 grid infrastructure, improve the management of electric loads, and
4 better manage the integration of variable renewable energy resources.
5 Depending upon each utility's unique circumstances, electrification
6 of transportation programs may provide cost-effective energy
7 efficiency, through more efficient use of energy resources, and more
8 efficient use of the electric delivery system. Electrification of
9 transportation may result in cost savings and benefits for all
10 ratepayers.

11 (2) State policy can achieve the greatest return on investment in
12 reducing greenhouse gas emissions and improving air quality by
13 expediting the transition to alternative fuel vehicles, including
14 electric vehicles. Potential benefits associated with electrification
15 of transportation include the monetization of environmental
16 attributes associated with carbon reduction in the transportation
17 sector.

18 (3) Legislative clarity is important for utilities to offer
19 programs and services, including incentives, in the electrification
20 of transportation for their customers. It is the intent of the
21 legislature to allow all utilities to support transportation
22 electrification to further the state's policy goals and achieve
23 parity among all electric utilities, so each electric utility,
24 depending on its unique circumstances, can determine its appropriate
25 role in the development of electrification of transportation
26 infrastructure.

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

29 (1) An electric utility regulated by the utilities and
30 transportation commission under this chapter may submit to the
31 commission an electrification of transportation plan that deploys
32 electric vehicle supply equipment or provides other electric
33 transportation programs, services, or incentives to support
34 electrification of transportation(~~(, provided that such electric~~
35 ~~vehicle supply equipment, programs, or services may not increase~~
36 ~~costs to customers in excess of one-quarter of one percent above the~~
37 ~~benefits of electric transportation to all customers over a period~~
38 ~~consistent with the utility's planning horizon under its most recent~~
39 ~~integrated resource plan)). The plans should align to a period~~

1 consistent with either the utility's planning horizon under its most
2 recent integrated resource plan or the time frame of the actions
3 contemplated in the plan, and may include:

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

6 (b) Anticipated benefits of transportation electrification, based
7 on a forecast of electric transportation in the utilities' service
8 territory; and

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

11 (2) In reviewing an electrification of transportation plan under
12 subsection (1) of this section, the commission may consider the
13 following: (a) The applicability of multiple options for
14 electrification of transportation across all customer classes; (b)
15 the impact of electrification on the utility's load, and whether
16 demand response or other load management opportunities, including
17 direct load control and dynamic pricing, are operationally
18 appropriate; (c) system reliability and distribution system
19 efficiencies; (d) interoperability concerns, including the
20 interoperability of hardware and software systems in electrification
21 of transportation proposals; and (e) the benefits and costs of the
22 planned actions (~~;~~ ~~and~~ ~~(f) the overall customer experience~~).

23 (3) The commission must issue an acknowledgment of an
24 electrification of transportation plan within six months of the
25 submittal of the plan. The commission may establish by rule the
26 requirements for preparation and submission of an electrification of
27 transportation plan. An electric utility may submit a plan under this
28 section before or during rule-making proceedings.

29 **Sec. 6.** RCW 80.28.360 and 2019 c ... (SHB 1512) s 5 are each
30 amended to read as follows:

31 (1) In establishing rates for each electrical company regulated
32 under this title, the commission may allow an incentive rate of
33 return on investment through December 31, 2030, on capital
34 expenditures for electric vehicle supply equipment that is deployed
35 for the benefit of ratepayers, provided that the capital expenditures
36 of the utilities' programs or plans in section 5(1) of this act do
37 not increase ((costs to ratepayers)) the annual retail revenue
38 requirement of the utility, after accounting for the benefits of
39 transportation electrification in each year of the plan, in excess of

1 one-quarter of one percent. The commission must consider and may
2 adopt other policies to improve access to and promote fair
3 competition in the provision of electric vehicle supply equipment.

4 (2) An incentive rate of return on investment under this section
5 may be allowed only if the company chooses to pursue capital
6 investment in electric vehicle supply equipment on a fully regulated
7 basis similar to other capital investments behind a customer's meter.
8 In the case of an incentive rate of return on investment allowed
9 under this section, an increment of up to two percent must be added
10 to the rate of return on common equity allowed on the company's other
11 investments.

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

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

22 (5) By December 31, 2017, the commission must report to the
23 appropriate committees of the legislature with regard to the use of
24 any incentives allowed under this section, the quantifiable impacts
25 of the incentives on actual electric vehicle deployment, and any
26 recommendations to the legislature about utility participation in the
27 electric vehicle market.

28 NEW SECTION. **Sec. 7.** This section is the tax preference
29 performance statement for the tax preferences contained in sections 8
30 through 14, chapter . . ., Laws of 2019 (sections 8 through 14 of
31 this act). The performance statement is only intended to be used for
32 subsequent evaluation of the tax preference. It is not intended to
33 create a private right of action by any party or be used to determine
34 eligibility for preferential tax treatment.

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

38 (2) It is the legislature's specific public policy objective to
39 increase the use of clean alternative fuel vehicles in Washington. It

1 is the legislature's intent to establish and extend tax incentive
 2 programs for alternative fuel vehicles and related infrastructure by:
 3 (a) Reinstating the sales and use tax exemption on certain clean
 4 alternative fuel vehicles in order to reduce the price charged to
 5 customers for clean alternative fuel vehicles; (b) extending the
 6 business and occupation and public utility tax credit for clean
 7 alternative fuel commercial vehicles and expanding it to include
 8 clean alternative fuel infrastructure; (c) extending the sales and
 9 use tax exemption for electric vehicle batteries, fuel cells, and
 10 infrastructure and expanding it to include the electric battery and
 11 fuel cell components of electric buses and zero emissions buses; and
 12 (d) extending the leasehold excise tax exemption to tenants of public
 13 lands for battery and fuel cell electric vehicle infrastructure.

14 (3) To measure the effectiveness of the tax preferences in
 15 sections 8 through 14, chapter . . ., Laws of 2019 (sections 8
 16 through 14 of this act) in achieving the public policy objectives
 17 described in subsection (2) of this section, the joint legislative
 18 audit and review committee must evaluate the number of clean
 19 alternative fuel vehicles titled in the state.

20 (4) In order to obtain the data necessary to perform the review
 21 in subsection (3) of this section, the department of licensing and
 22 the department of revenue must provide data needed for the joint
 23 legislative audit and review committee analysis. In addition to the
 24 data source described under this subsection, the joint legislative
 25 audit and review committee may use any other data it deems necessary.

26 **Sec. 8.** RCW 82.04.4496 and 2017 c 116 s 1 are each amended to
 27 read as follows:

28 (1) (a) (i) A person who is taxable under this chapter is allowed a
 29 credit against the tax imposed in this chapter according to the gross
 30 vehicle weight rating of the vehicle and the incremental cost of the
 31 vehicle purchased above the purchase price of a comparable
 32 conventionally fueled vehicle. The credit is limited, as set forth in
 33 the table below, to the lesser of the incremental cost amount or the
 34 maximum credit amount per vehicle purchased, and subject to a maximum
 35 annual credit amount per vehicle class.

Gross Vehicle Weight	Incremental Cost Amount	Maximum Credit Amount Per Vehicle	Maximum Annual Credit Per Vehicle Class
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1	Up to 14,000 pounds	((50%)) 75% of incremental cost	\$25,000	\$2,000,000
2				
3	14,001 to 26,500 pounds	((50%)) 75% of incremental cost	\$50,000	\$2,000,000
4				
5	Above 26,500 pounds	((50%)) 75% of incremental cost	\$100,000	\$2,000,000
6				

7 (ii) A person who is taxable under this chapter is allowed a
8 credit against the tax imposed in this chapter for up to fifty
9 percent of the cost to purchase alternative fuel vehicle
10 infrastructure, tangible personal property that will become a
11 component of alternative fuel vehicle infrastructure, and
12 installation and construction of alternative fuel vehicle
13 infrastructure, but excluding the cost of property acquisition and
14 site improvement related to the installation of alternative fuel
15 vehicle infrastructure. The credit is subject to a maximum annual
16 credit amount of two million dollars.

17 (b) On September 1st of each year, any unused credits from any
18 ~~((weight class))~~ category identified in ~~((the table in))~~ (a) of this
19 subsection must be made available to applicants applying for credits
20 under any other ~~((weight class listed))~~ category identified in (a) of
21 this subsection, subject to the maximum annual and total credit
22 amounts identified in this subsection. The credit established in this
23 section and RCW 82.16.0496 is subject to a maximum annual credit
24 amount of six million dollars, and a maximum total credit amount of
25 thirty-two and one-half million dollars since the credit became
26 available on July 15, 2015.

27 (c) The credit provided in (a)(i) of this subsection ~~((+1))~~ is
28 available for the lease of a vehicle. The credit amount for a leased
29 vehicle is equal to the credit in (a)(i) of this subsection ~~((+1))~~
30 multiplied by the lease reduction factor. The person claiming the
31 credit for a leased vehicle must be the lessee as identified in the
32 lease contract.

33 (2) A person who is taxable under this chapter is allowed,
34 subject to the maximum annual credit per ~~((vehicle class))~~ category
35 in subsection (1)(a) of this section, a credit against the tax
36 imposed in this chapter for the lesser of twenty-five thousand
37 dollars or ~~((thirty))~~ fifty percent of the costs of converting a
38 commercial vehicle to be principally powered by a clean alternative

1 fuel with a United States environmental protection agency certified
2 conversion.

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

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

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

9 (a) The department must disallow any credits, or portion thereof,
10 that would cause the total amount of credits claimed under this
11 section, and RCW 82.16.0496, during any calendar year to exceed six
12 million dollars. The department must provide notification on its web
13 site monthly on the amount of credits that have been applied for, the
14 amount issued, and the amount remaining before the statewide annual
15 limit is reached. In addition, the department must provide written
16 notice to any person who has applied to claim tax credits in excess
17 of the limitation in this subsection.

18 (b) The department must disallow any credits, or portion thereof,
19 that would cause the total amount of credits claimed beginning July
20 15, 2015, under this section and RCW 82.16.0496 to exceed thirty-two
21 and one-half million dollars. The department must provide
22 notification on its web site monthly on the total amount of credits
23 that have been applied for, the amount issued, and the amount
24 remaining before the statewide limit is reached. In addition, the
25 department must provide written notice to any person who has applied
26 to claim tax credits in excess of the limitation in this subsection.

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

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

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

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

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

1 (ii) A quote or unexecuted copy of the purchase requisition or
2 order for the vehicle, infrastructure, infrastructure components,
3 infrastructure construction, or infrastructure installation;

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

6 (iv) The incremental cost of the alternative fuel system for
7 vehicle credits;

8 (v) The anticipated delivery date of the vehicle, the anticipated
9 delivery date of the infrastructure or infrastructure components, the
10 anticipated construction completion date of the infrastructure, or
11 the anticipated installation completion date of the infrastructure;

12 (vi) The estimated annual fuel use of the vehicle in the
13 anticipated duties or the estimated annual fuel to be supplied by the
14 infrastructure;

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

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

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

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

23 (i) A copy of the order for the vehicle or infrastructure-related
24 item, including the total cost for the vehicle or infrastructure-
25 related item;

26 (ii) The anticipated delivery date of the vehicle or
27 infrastructure or infrastructure component, which must be within one
28 year of acceptance of the credit; ((and))

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

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

34 (c) Provide final documentation within (~~fifteen~~) thirty days of
35 receipt of the vehicle or infrastructure or infrastructure components
36 or of completion of construction or installation of the
37 infrastructure, including:

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

1 (ii) A copy of the factory build sheet or equivalent
2 documentation;

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

4 (iv) The incremental cost of the alternative fuel system for
5 vehicle credits;

6 (v) Attestations signed by both the seller and purchaser of each
7 vehicle attesting that the incremental cost of the alternative fuel
8 system includes only the costs necessary for the vehicle to run on
9 alternative fuel and no other vehicle options, equipment, or costs;
10 and

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

13 (9) A person applying for credit under subsection (8) of this
14 section may apply for multiple vehicles on the same application, but
15 the application must include the required information for each
16 vehicle included in the application. A separate application is
17 required for infrastructure-related items, but all infrastructure-
18 related items at a single location may be included in a single
19 application provided the required information for each
20 infrastructure-related item is included in the application.

21 (10) To administer the credits, the department must, at a
22 minimum:

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

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

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

33 (d) Within fifteen days of receipt of final documentation, review
34 the documentation and notify the person applying of the acceptance of
35 their final documentation.

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

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

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

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

8 (iii) Sales of alternative fuel vehicle infrastructure or
9 infrastructure components, or the cost of construction or
10 installation of alternative fuel vehicle infrastructure.

11 (b) A credit is earned when the purchaser or the lessee takes
12 receipt of the qualifying commercial vehicle or infrastructure-
13 related item, the vehicle conversion is complete, or the construction
14 or installation of the infrastructure is complete.

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

18 (14)(a) Beginning November 25, 2015, and on the 25th of February,
19 May, August, and November of each year thereafter, the department
20 must notify the state treasurer of the amount of credits taken under
21 this section as reported on returns filed with the department during
22 the preceding calendar quarter ending on the last day of December,
23 March, June, and September, respectively.

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

29 (15) The department must conduct outreach to interested parties
30 to obtain input on how best to streamline the application process
31 required for the credit made available in this section and RCW
32 82.16.0496 to further adoption of alternative fuel technologies in
33 commercial vehicle fleets, and must incorporate the findings
34 resulting from this outreach effort into the rules and practices it
35 adopts to implement and administer this section and RCW 82.16.0496 to
36 the extent permitted under law.

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

1 (a) "Alternative fuel vehicle infrastructure" means structures,
2 machinery, and equipment necessary and integral to support a clean
3 alternative fuel vehicle.

4 (b) "Auto transportation company" means any corporation or person
5 owning, controlling, operating, or managing any motor propelled
6 vehicle, used in the business of transporting persons for
7 compensation over public highways within the state of Washington,
8 between fixed points or over a regular route. For the purposes of
9 this section, "auto transportation company" also includes the
10 following categories of providers irrespective of whether they
11 provide service between fixed points or over a regular route:
12 "Private, nonprofit transportation provider" as defined in RCW
13 81.66.010, "charter party carrier" as defined in RCW 81.70.020, and
14 paratransit service providers who primarily provide special needs
15 transportation to individuals with disabilities and the elderly.

16 ~~((b))~~ (c) "Clean alternative fuel" means electricity, dimethyl
17 ether, hydrogen, methane, natural gas, liquefied natural gas,
18 compressed natural gas, or propane.

19 ~~((e))~~ (d) "Commercial vehicle" means any commercial vehicle
20 that is purchased by a private business and that is used exclusively
21 in the provision of commercial services or the transportation of
22 commodities, merchandise, produce, refuse, freight, animals, or
23 passengers, and that is displaying a Washington state license plate.
24 All commercial vehicles that provide transportation to passengers
25 must be operated by an auto transportation company.

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

29 ~~((e))~~ (f) "Lease reduction factor" means the vehicle gross
30 capitalized cost less the residual value, divided by the gross
31 capitalized cost.

32 ~~((f))~~ (g) "Qualifying used commercial vehicle" means vehicles
33 that:

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

36 (ii) Are less than ten years past their original date of
37 manufacture;

38 (iii) Were modified after the initial purchase with a United
39 States environmental protection agency certified conversion that

1 would allow the propulsion units to be principally powered by a clean
2 alternative fuel; and

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

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

7 ~~((16))~~ (17) Credits may be earned under this section from
8 January 1, 2016, ~~((through January 1, 2021))~~ until the maximum total
9 credit amount in subsection (1)(b) of this section is reached, except
10 for credits for leased vehicles, which may be earned from July 1,
11 2016, ~~((through January 1, 2021))~~ until the maximum total credit
12 amount in subsection (1)(b) of this section is reached.

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

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

16 NEW SECTION. Sec. 9. A new section is added to chapter 82.08
17 RCW to read as follows:

18 (1) Beginning August 1, 2019, with sales made or lease agreements
19 signed on or after the qualification period start date:

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

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

24 (ii) Use at least one method of propulsion that is capable of
25 being reenergized by an external source of electricity and are
26 capable of traveling at least thirty miles using only battery power;
27 and

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

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

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

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

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

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

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

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

11 (B) The total lease payments made plus any additional selling
12 price of the leased vehicle if the original lessee purchases the
13 leased vehicle before the qualification period end date, for lease
14 agreements signed.

15 (ii) Based on the purchase date or the date the lease agreement
16 was signed of the vehicle if the vehicle is a new vehicle at the time
17 of the purchase date or the date the lease agreement was signed:

18 (A) From the qualification period start date until July 31, 2021,
19 the maximum amount eligible under (b) (i) of this subsection is
20 twenty-five thousand dollars;

21 (B) From August 1, 2021, until July 31, 2023, the maximum amount
22 eligible under (b) (i) of this subsection is twenty thousand dollars;

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

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

29 (2) The seller must keep records necessary for the department to
30 verify eligibility under this section. A person claiming the
31 exemption must also submit itemized information to the department for
32 all vehicles for which an exemption is claimed that must include the
33 following: Vehicle make; vehicle model; model year; whether the
34 vehicle has been sold or leased; date of sale or start date of lease;
35 length of lease; sales price for purchased vehicles and fair market
36 value at the inception of the lease for leased vehicles; and the
37 total amount qualifying for the incentive claimed for each vehicle,
38 in addition to the future monthly amount to be claimed for each
39 leased vehicle. This information must be provided in a form and
40 manner prescribed by the department.

1 (3) (a) The department of licensing must maintain and publish a
2 list of all vehicle models qualifying for the tax exemptions under
3 this section or section 10 of this act until the expiration date of
4 this section, and is authorized to issue final rulings on vehicle
5 model qualification for these criteria. A seller is not responsible
6 for repayment of the tax exemption under this section and section 10
7 of this act for a vehicle if the department of licensing's published
8 list of qualifying vehicle models on the purchase date or the date
9 the lease agreement was signed includes the vehicle model and the
10 department of licensing subsequently removes the vehicle model from
11 the published list, and, if applicable, the vehicle meets the
12 qualifying criterion under subsection (1)(a)(iii)(B) of this section
13 and section 10(1)(a)(iii)(B) of this act.

14 (b) The department of revenue retains responsibility for
15 determining whether a vehicle meets the applicable qualifying
16 criterion under subsection (1)(a)(iii)(B) of this section and section
17 10(1)(a)(iii)(B) of this act.

18 (4) On the last day of January, April, July, and October of each
19 year, the state treasurer, based upon information provided by the
20 department, must transfer from the electric vehicle account to the
21 general fund a sum equal to the dollar amount that would otherwise
22 have been deposited into the general fund during the prior calendar
23 quarter but for the exemption provided in this section. Information
24 provided by the department to the state treasurer must be based on
25 the best available data, except that the department may provide
26 estimates of taxes exempted under this section until such time as
27 retailers are able to report such exempted amounts on their tax
28 returns.

29 (5) By the last day of October 2019, and every six months
30 thereafter until this section expires, based on the best available
31 data, the department must report the following information to the
32 transportation committees of the legislature: The cumulative number
33 of vehicles that qualified for the exemption under this section and
34 section 10 of this act by month of purchase or lease start and
35 vehicle make and model; the dollar amount of all state retail sales
36 and use taxes exempted on or after the qualification period start
37 date, under this section and section 10 of this act; and estimates of
38 the future costs of leased vehicles that qualified for the exemption
39 under this section and section 10 of this act.

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

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

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

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

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

13 (e) "Qualification period start date" means the effective date of
14 this section.

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

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

20 (b) All leased vehicles that qualified for the exemption under
21 this section before the qualification period end date must continue
22 to receive the exemption as described under subsection (1)(b) of this
23 section on any lease payments due through the remainder of the lease
24 before the expiration date of this section.

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

26 (9) This section is supported by the revenues generated in
27 section 23 of this act, and therefore takes effect only if section 23
28 of this act is enacted by June 30, 2019.

29 NEW SECTION. **Sec. 10.** A new section is added to chapter 82.12
30 RCW to read as follows:

31 (1) Beginning August 1, 2019, beginning with sales made or lease
32 agreements signed on or after the qualification period start date:

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

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

37 (ii) Use at least one method of propulsion that is capable of
38 being reenergized by an external source of electricity and are

1 capable of traveling at least thirty miles using only battery power;
2 and

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

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

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

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

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

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

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

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

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

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

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

33 (B) From August 1, 2021, until July 31, 2023, the maximum amount
34 eligible under (b) (i) of this subsection is twenty thousand dollars;

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

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

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

12 (b) (a) of this subsection applies only if the seller or person
13 claiming the exemption is a vehicle dealer, as defined under RCW
14 46.70.011. When the seller is not a vehicle dealer, the department of
15 licensing must establish a process for granting the tax exemption
16 under this section for use tax otherwise collected at the time the
17 ownership of a vehicle is transferred when the vehicle qualifies for
18 the use tax exemption under subsection (1)(a) of this section, and
19 must provide any information required under (a) of this subsection
20 that it obtains as part of the vehicle titling and registration
21 process for these vehicles to the department on at least a quarterly
22 basis.

23 (3) On the last day of January, April, July, and October of each
24 year, the state treasurer, based upon information provided by the
25 department, must transfer from the electric vehicle account to the
26 general fund a sum equal to the dollar amount that would otherwise
27 have been deposited into the general fund during the prior calendar
28 quarter but for the exemption provided in this section. Information
29 provided by the department to the state treasurer must be based on
30 the best available data.

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

34 (b) All leased vehicles that qualified for the exemption under
35 this section before the qualification period end date must continue
36 to receive the exemption as described under subsection (1)(b) of this
37 section on any lease payments due through the remainder of the lease
38 before August 1, 2028.

39 (5) The definitions in section 9 of this act apply to this
40 section.

1 (6) This section is supported by the revenues generated in
2 section 23 of this act, and therefore takes effect only if section 23
3 of this act is enacted by June 30, 2019.

4 (7) This section expires August 1, 2028.

5 **Sec. 11.** RCW 82.08.816 and 2009 c 459 s 4 are each amended to
6 read as follows:

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

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

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

14 (c) The sale of or charge made for labor and services rendered in
15 respect to installing, constructing, repairing, or improving battery
16 or fuel cell electric vehicle infrastructure, including hydrogen
17 fueling stations; ((and))

18 (d) The sale of tangible personal property that will become a
19 component of battery or fuel cell electric vehicle infrastructure
20 during the course of installing, constructing, repairing, or
21 improving battery or fuel cell electric vehicle infrastructure; and

22 (e) The sale of zero emissions buses.

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

27 (3) On the last day of January, April, July, and October of each
28 year, the state treasurer, based upon information provided by the
29 department, must transfer from the multimodal transportation account
30 to the general fund a sum equal to the dollar amount that would
31 otherwise have been deposited into the general fund during the prior
32 calendar quarter but for the exemption provided in this section.
33 Information provided by the department to the state treasurer must be
34 based on the best available data, except that the department may
35 provide estimates of taxes exempted under this section until such
36 time as retailers are able to report such exempted amounts on their
37 tax returns.

38 (4) The definitions in this subsection apply throughout this
39 section unless the context clearly requires otherwise.

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

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

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

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

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

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

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

33 (5) This section expires ~~((January 1, 2020))~~ July 1, 2025.

34 **Sec. 12.** RCW 82.12.816 and 2009 c 459 s 5 are each amended to
35 read as follows:

36 (1) The tax imposed by RCW 82.12.020 does not apply to the use
37 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) On the last day of January, April, July, and October of each
7 year, the state treasurer, based upon information provided by the
8 department, must transfer from the multimodal transportation account
9 to the general fund a sum equal to the dollar amount that would
10 otherwise have been deposited into the general fund during the prior
11 calendar quarter but for the exemption provided in this section.
12 Information provided by the department to the state treasurer must be
13 based on the best available data, except that the department may
14 provide estimates of taxes exempted under this section until such
15 time as retailers are able to report such exempted amounts on their
16 tax returns.

17 (4) This section expires ((January 1, 2020)) July 1, 2025.

18 **Sec. 13.** RCW 82.16.0496 and 2017 c 116 s 2 are each amended to
19 read as follows:

20 (1) (a) (i) A person who is taxable under this chapter is allowed a
21 credit against the tax imposed in this chapter according to the gross
22 vehicle weight rating of the vehicle and the incremental cost of the
23 vehicle purchased above the purchase price of a comparable
24 conventionally fueled vehicle. The credit is limited, as set forth in
25 the table below, to the lesser of the incremental cost amount or the
26 maximum credit amount per vehicle purchased, and subject to a maximum
27 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	((50%)) 75% of incremental cost	\$25,000	\$2,000,000
14,001 to 26,500 pounds	((50%)) 75% of incremental cost	\$50,000	\$2,000,000
Above 26,500 pounds	((50%)) 75% of incremental cost	\$100,000	\$2,000,000

36 (ii) A person who is taxable under this chapter is allowed a
37 credit against the tax imposed in this chapter for up to fifty

1 percent of the cost to purchase alternative fuel vehicle
2 infrastructure, tangible personal property that will become a
3 component of alternative fuel vehicle infrastructure, and
4 installation and construction of alternative fuel vehicle
5 infrastructure, but excluding the cost of property acquisition and
6 site improvement related to the installation of alternative fuel
7 vehicle infrastructure. The credit is subject to a maximum annual
8 credit amount of two million dollars.

9 (b) On September 1st of each year, any unused credits from any
10 (~~weight class~~) category identified in (~~the table in~~) (a) of this
11 subsection must be made available to applicants applying for credits
12 under any other (~~weight class listed~~) category identified in (a) of
13 this subsection, subject to the maximum annual and total credit
14 amounts identified in this subsection. The credit established in this
15 section and RCW 82.04.4496 is subject to a maximum annual credit
16 amount of six million dollars, and a maximum total credit amount of
17 thirty-two and one-half million dollars beginning July 15, 2015.

18 (c) The credit provided in (a)(i) of this subsection (~~(+1)~~) is
19 available for the lease of a vehicle. The credit amount for a leased
20 vehicle is equal to the credit in (a)(i) of this subsection (~~(+1)~~)
21 multiplied by the lease reduction factor. The person claiming the
22 credit for a leased vehicle must be the lessee as identified in the
23 lease contract.

24 (2) A person who is taxable under this chapter is allowed,
25 subject to the maximum annual credit per (~~vehicle class~~) category
26 in subsection (1)(a) of this section, a credit against the tax
27 imposed in this chapter for the lesser of twenty-five thousand
28 dollars or (~~thirty~~) fifty percent of the costs of converting a
29 commercial vehicle to be principally powered by a clean alternative
30 fuel with a United States environmental protection agency certified
31 conversion.

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

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

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

38 (a) The department must disallow any credits, or portion thereof,
39 that would cause the total amount of credits claimed under this
40 section, and RCW 82.04.4496, during any calendar year to exceed six

1 million dollars. The department must provide notification on its web
2 site monthly on the amount of credits that have been applied for, the
3 amount issued, and the amount remaining before the statewide annual
4 limit is reached. In addition, the department must provide written
5 notice to any person who has applied to claim tax credits in excess
6 of the limitation in this subsection.

7 (b) The department must disallow any credits, or portion thereof,
8 that would cause the total amount of credits claimed beginning July
9 15, 2015, under this section and RCW 82.04.4496 to exceed thirty-two
10 and one-half million dollars. The department must provide
11 notification on its web site monthly on the total amount of credits
12 that have been applied for, the amount issued, and the amount
13 remaining before the statewide limit is reached. In addition, the
14 department must provide written notice to any person who has applied
15 to claim tax credits in excess of the limitation in this subsection.

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

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

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

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

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

29 (ii) A quote or unexecuted copy of the purchase requisition or
30 order for the vehicle, infrastructure, infrastructure components,
31 infrastructure construction, or infrastructure installation;

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

34 (iv) The incremental cost of the alternative fuel system for
35 vehicle credits;

36 (v) The anticipated delivery date of the vehicle, the anticipated
37 delivery date of the infrastructure or infrastructure components, the
38 anticipated construction completion date of the infrastructure, or
39 the anticipated installation completion date of the infrastructure;

1 (vi) The estimated annual fuel use of the vehicle in the
2 anticipated duties or the estimated annual fuel to be supplied by the
3 infrastructure;

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

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

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

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

12 (i) A copy of the order for the vehicle or infrastructure-related
13 item, including the total cost for the vehicle or infrastructure-
14 related item;

15 (ii) The anticipated delivery date of the vehicle or
16 infrastructure or infrastructure component, which must be within one
17 year of acceptance of the credit; ((and))

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

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

23 (c) Provide final documentation within ((fifteen)) thirty days of
24 receipt of the vehicle or infrastructure or infrastructure components
25 or of completion of construction or installation of the
26 infrastructure, including:

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

29 (ii) A copy of the factory build sheet or equivalent
30 documentation;

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

32 (iv) The incremental cost of the alternative fuel system for
33 vehicle credits;

34 (v) Attestations signed by both the seller and purchaser of the
35 vehicle attesting that the incremental cost of the alternative fuel
36 system includes only the costs necessary for the vehicle to run on
37 alternative fuel and no other vehicle options, equipment, or costs;
38 and

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

1 (9) A person applying for credit under subsection (8) of this
2 section may apply for multiple vehicles on the same application, but
3 the application must include the required information for each
4 vehicle included in the application. A separate application is
5 required for infrastructure-related items, but all infrastructure-
6 related items at a single location may be included in a single
7 application provided the required information for each
8 infrastructure-related item is included in the application.

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

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

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

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

21 (d) Within fifteen days of receipt of final documentation, review
22 the documentation and notify the person applying of the acceptance of
23 their final documentation.

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

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

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

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

36 (iii) Sales of alternative fuel vehicle infrastructure or
37 infrastructure components, or the cost of construction or
38 installation of alternative fuel vehicle infrastructure.

39 (b) A credit is earned when the purchaser or the lessee takes
40 receipt of the qualifying commercial vehicle or infrastructure-

1 related item, the vehicle conversion is complete, or the construction
2 or installation of the infrastructure is complete.

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

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

7 (15)(a) Beginning November 25, 2015, and on the 25th of February,
8 May, August, and November of each year thereafter, the department
9 must notify the state treasurer of the amount of credits taken under
10 this section as reported on returns filed with the department during
11 the preceding calendar quarter ending on the last day of December,
12 March, June, and September, respectively.

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

18 (16) Credits may be earned under this section from January 1,
19 2016, (~~((through January 1, 2021))~~) until the maximum total credit
20 amount in subsection (1)(b) of this section is reached, except for
21 credits for leased vehicles, which may be earned from July 1, 2016,
22 (~~((through January 1, 2021))~~) until the maximum total credit amount in
23 subsection (1)(b) of this section is reached.

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

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

27 **Sec. 14.** RCW 82.29A.125 and 2009 c 459 s 3 are each amended to
28 read as follows:

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

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

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

1 (b) "Battery exchange station" means a fully automated facility
2 that will enable an electric vehicle with a swappable battery to
3 enter a drive lane and exchange the depleted battery with a fully
4 charged battery through a fully automated process, which meets or
5 exceeds any standards, codes, and regulations set forth by chapter
6 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

7 (c) "Electric vehicle infrastructure" means structures,
8 machinery, and equipment necessary and integral to support an
9 electric vehicle, including battery charging stations, rapid charging
10 stations, ~~((and))~~ battery exchange stations, fueling stations that
11 provide hydrogen for fuel cell electric vehicles, and renewable
12 hydrogen production facilities.

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

18 (e) "Renewable hydrogen" means hydrogen produced using renewable
19 resources both as the source for hydrogen and the source for energy
20 input into the production process.

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

26 (3) This section expires ~~((January 1, 2020))~~ July 1, 2025.

27 **Sec. 15.** RCW 82.44.200 and 2015 3rd sp.s. c 44 s 404 are each
28 amended to read as follows:

29 The electric vehicle ~~((charging infrastructure))~~ account is
30 created in the transportation infrastructure account. Proceeds from
31 the principal and interest payments made on loans from the account
32 must be deposited into the account. Expenditures from the account may
33 be used only for the purposes specified in RCW 47.04.350, sections 9
34 and 10 of this act, and the support of other transportation
35 electrification and alternative fuel related purposes. Moneys in the
36 account may be spent only after appropriation.

37 NEW SECTION. **Sec. 16.** A new section is added to chapter 47.04
38 RCW to read as follows:

1 (1) Subject to the availability of amounts appropriated for this
2 specific purpose through the 2023-2025 biennium, the department's
3 public-private partnership office must develop a pilot program to
4 support clean alternative fuel car sharing programs to provide clean
5 alternative fuel vehicle use opportunities to underserved communities
6 and low to moderate income members of the workforce not readily
7 served by transit or located in transportation corridors with
8 emissions that exceed federal or state emissions standards. Nonprofit
9 organizations or local governments, including housing authorities,
10 with a demonstrated history of managing or implementing low-income
11 transportation clean alternative fuel and shared mobility pilot
12 programs are eligible to participate in this program.

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

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

23 (4) The department must include the following elements in its
24 proposal evaluation and scoring methodology: History of successful
25 management of equity focused clean alternative fuel vehicle projects;
26 substantial level of involvement from community-based, equity focused
27 organizations in the project; plan for long-term financial
28 sustainability of the work beyond the duration of the grant period;
29 matching resources leveraged for the project; and geographical
30 diversity of the projects selected.

31 (5) After selecting successful proposals under this section, the
32 department may provide grant funding to them. The total grant amount
33 available per project may range from fifty thousand to two hundred
34 thousand dollars. The grant opportunity must include possible funding
35 of vehicles, charging or refueling station infrastructure, staff
36 time, and any other expenses required to implement the project. No
37 more than ten percent of grant funds may be used for administrative
38 expenses.

39 (6) (a) Any property acquired with state grant funding under this
40 section by nongovernmental participants must be used solely for

1 program purposes and, if sold, the proceeds of the sale must be used
2 solely for program purposes.

3 (b) At the termination of a program for providing alternative
4 fuel car sharing services, the state must be reimbursed for any
5 property acquired with state grant funding under this section that
6 nongovernmental participants in the program retain at the time of
7 program termination. The amount of reimbursement may under no
8 circumstances be less than the fair market value of the property at
9 the time of the termination of the program.

10 NEW SECTION. **Sec. 17.** (1) Subject to the availability of
11 amounts appropriated for this specific purpose, the department of
12 commerce must conduct a study to identify opportunities to reduce
13 barriers to battery and fuel cell electric vehicle adoption by lower
14 income residents of the state through the use of vehicle and
15 infrastructure financing assistance. The study must include an
16 assessment of opportunities to work with nonprofit lenders to
17 facilitate vehicle purchases through the use of loan-loss reserves
18 and rate buy downs by qualified borrowers purchasing battery and fuel
19 cell electric vehicles that are eligible for the tax exemptions under
20 sections 9 and 10 of this act, and may address additional financing
21 assistance opportunities identified. The study must focus on
22 potential borrowers who are at or below eighty percent of the state
23 median household income. The study may also address any additional
24 opportunities identified to increase electric vehicle adoption by
25 lower income residents of the state.

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

30 NEW SECTION. **Sec. 18.** A new section is added to chapter 47.66
31 RCW to read as follows:

32 (1)(a) Subject to the availability of amounts appropriated for
33 this specific purpose through the 2023-2025 biennium, the
34 department's public transportation division shall establish a green
35 transportation capital grant program. The purpose of the grant
36 program is to aid any transit authority in funding cost-effective
37 capital projects to reduce the carbon intensity of the Washington
38 transportation system, examples of which include: Electrification of

1 vehicle fleets, including battery and fuel cell electric vehicles;
2 modification or replacement of capital facilities in order to
3 facilitate fleet electrification and/or hydrogen refueling; necessary
4 upgrades to electrical transmission and distribution systems; and
5 construction of charging and fueling stations. The department's
6 public transportation division shall identify projects and shall
7 submit a prioritized list of all projects requesting funding to the
8 legislature by December 1st of each even-numbered year.

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

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

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

16 (2) The department's public transportation division must
17 establish an advisory committee to assist in identifying projects
18 under subsection (1) of this section. The advisory committee must
19 include representatives from the department of ecology, the
20 department of commerce, the utilities and transportation commission,
21 and at least one transit authority.

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

26 (4) The department's public transportation division must report
27 annually to the transportation committees of the legislature on the
28 status of any grant projects funded by the program created under this
29 section.

30 (5) For purposes of this section, "transit authority" means a
31 city transit system under RCW 35.58.2721 or chapter 35.95A RCW, a
32 county public transportation authority under chapter 36.57 RCW, a
33 metropolitan municipal corporation transit system under chapter 36.56
34 RCW, a public transportation benefit area under chapter 36.57A RCW,
35 an unincorporated transportation benefit area under RCW 36.57.100, a
36 regional transit authority under chapter 81.112 RCW, or any special
37 purpose district formed to operate a public transportation system.

38 **Sec. 19.** RCW 43.84.092 and 2018 c 287 s 7, 2018 c 275 s 10, and
39 2018 c 203 s 14 are each reenacted and amended to read as follows:

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

4 (2) The treasury income account shall be utilized to pay or
5 receive funds associated with federal programs as required by the
6 federal cash management improvement act of 1990. The treasury income
7 account is subject in all respects to chapter 43.88 RCW, but no
8 appropriation is required for refunds or allocations of interest
9 earnings required by the cash management improvement act. Refunds of
10 interest to the federal treasury required under the cash management
11 improvement act fall under RCW 43.88.180 and shall not require
12 appropriation. The office of financial management shall determine the
13 amounts due to or from the federal government pursuant to the cash
14 management improvement act. The office of financial management may
15 direct transfers of funds between accounts as deemed necessary to
16 implement the provisions of the cash management improvement act, and
17 this subsection. Refunds or allocations shall occur prior to the
18 distributions of earnings set forth in subsection (4) of this
19 section.

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

29 (4) Monthly, the state treasurer shall distribute the earnings
30 credited to the treasury income account. The state treasurer shall
31 credit the general fund with all the earnings credited to the
32 treasury income account except:

33 (a) The following accounts and funds shall receive their
34 proportionate share of earnings based upon each account's and fund's
35 average daily balance for the period: The abandoned recreational
36 vehicle disposal account, the aeronautics account, the aircraft
37 search and rescue account, the Alaskan Way viaduct replacement
38 project account, the brownfield redevelopment trust fund account, the
39 budget stabilization account, the capital vessel replacement account,
40 the capitol building construction account, the Cedar River channel

1 construction and operation account, the Central Washington University
2 capital projects account, the charitable, educational, penal and
3 reformatory institutions account, the Chehalis basin account, the
4 cleanup settlement account, the Columbia river basin water supply
5 development account, the Columbia river basin taxable bond water
6 supply development account, the Columbia river basin water supply
7 revenue recovery account, the common school construction fund, the
8 community forest trust account, the connecting Washington account,
9 the county arterial preservation account, the county criminal justice
10 assistance account, the deferred compensation administrative account,
11 the deferred compensation principal account, the department of
12 licensing services account, the department of licensing tuition
13 recovery trust fund, the department of retirement systems expense
14 account, the developmental disabilities community trust account, the
15 diesel idle reduction account, the drinking water assistance account,
16 the drinking water assistance administrative account, the early
17 learning facilities development account, the early learning
18 facilities revolving account, the Eastern Washington University
19 capital projects account, the Interstate 405 express toll lanes
20 operations account, the education construction fund, the education
21 legacy trust account, the election account, the electric vehicle
22 (~~charging infrastructure~~) account, the energy freedom account, the
23 energy recovery act account, the essential rail assistance account,
24 The Evergreen State College capital projects account, the federal
25 forest revolving account, the ferry bond retirement fund, the freight
26 mobility investment account, the freight mobility multimodal account,
27 the grade crossing protective fund, the public health services
28 account, the high capacity transportation account, the state higher
29 education construction account, the higher education construction
30 account, the highway bond retirement fund, the highway infrastructure
31 account, the highway safety fund, the high occupancy toll lanes
32 operations account, the hospital safety net assessment fund, the
33 industrial insurance premium refund account, the judges' retirement
34 account, the judicial retirement administrative account, the judicial
35 retirement principal account, the local leasehold excise tax account,
36 the local real estate excise tax account, the local sales and use tax
37 account, the marine resources stewardship trust account, the medical
38 aid account, the mobile home park relocation fund, the money-purchase
39 retirement savings administrative account, the money-purchase
40 retirement savings principal account, the motor vehicle fund, the

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

1 officers' relief and pension principal fund, the volunteer
2 firefighters' and reserve officers' administrative fund, the
3 Washington judicial retirement system account, the Washington law
4 enforcement officers' and firefighters' system plan 1 retirement
5 account, the Washington law enforcement officers' and firefighters'
6 system plan 2 retirement account, the Washington public safety
7 employees' plan 2 retirement account, the Washington school
8 employees' retirement system combined plan 2 and 3 account, the
9 Washington state health insurance pool account, the Washington state
10 patrol retirement account, the Washington State University building
11 account, the Washington State University bond retirement fund, the
12 water pollution control revolving administration account, the water
13 pollution control revolving fund, the Western Washington University
14 capital projects account, the Yakima integrated plan implementation
15 account, the Yakima integrated plan implementation revenue recovery
16 account, and the Yakima integrated plan implementation taxable bond
17 account. Earnings derived from investing balances of the agricultural
18 permanent fund, the normal school permanent fund, the permanent
19 common school fund, the scientific permanent fund, the state
20 university permanent fund, and the state reclamation revolving
21 account shall be allocated to their respective beneficiary accounts.

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

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

31 NEW SECTION. **Sec. 20.** This section is the tax preference
32 performance statement for the tax preferences contained in sections
33 21 and 22, chapter . . ., Laws of 2019 (sections 21 and 22 of this
34 act). The performance statement is only intended to be used for
35 subsequent evaluation of the tax preference. It is not intended to
36 create a private right of action by any party or be used to determine
37 eligibility for preferential tax treatment.

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

4 (2) It is the legislature's specific public policy objective to
5 increase the use of electric vessels in Washington. It is the
6 legislature's intent to establish a sales and use tax exemption on
7 certain electric vessels in order to reduce the price charged to
8 customers for electric vessels.

9 (3) To measure the effectiveness of the tax preferences in
10 sections 21 and 22, chapter . . ., Laws of 2019 (sections 21 and 22
11 of this act) in achieving the public policy objectives described in
12 subsection (2) of this section, the joint legislative audit and
13 review committee must evaluate the number of electric vessels titled
14 in the state.

15 (4) In order to obtain the data necessary to perform the review
16 in subsection (3) of this section, the department of licensing and
17 the department of revenue must provide data needed for the joint
18 legislative audit and review committee analysis. In addition to the
19 data source described under this subsection, the joint legislative
20 audit and review committee may use any other data it deems necessary.

21 NEW SECTION. **Sec. 21.** A new section is added to chapter 82.08
22 RCW to read as follows:

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

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

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

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

32 (3) On the last day of January, April, July, and October of each
33 year, the state treasurer, based upon information provided by the
34 department, must transfer from the multimodal transportation account
35 to the general fund a sum equal to the dollar amount that would
36 otherwise have been deposited into the general fund during the prior
37 calendar quarter but for the exemption provided in this section.
38 Information provided by the department to the state treasurer must be
39 based on the best available data, except that the department may

1 provide estimates of taxes exempted under this section until such
2 time as retailers are able to report such exempted amounts on their
3 tax returns.

4 (4) For the purposes of this section:

5 (a) "Battery-powered electric marine propulsion system" means a
6 fully electric outboard or inboard motor used by vessels, the sole
7 source of propulsive power of which is the energy stored in the
8 battery packs. The term includes required accessories, such as
9 throttles, displays, and battery packs; and

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

13 (5) This section expires July 1, 2025.

14 NEW SECTION. **Sec. 22.** A new section is added to chapter 82.12
15 RCW to read as follows:

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

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

20 (b) New vessels equipped with propulsion systems that qualify
21 under (a) of this subsection.

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

26 (3) On the last day of January, April, July, and October of each
27 year, the state treasurer, based upon information provided by the
28 department, must transfer from the multimodal transportation account
29 to the general fund a sum equal to the dollar amount that would
30 otherwise have been deposited into the general fund during the prior
31 calendar quarter but for the exemption provided in this section.
32 Information provided by the department to the state treasurer must be
33 based on the best available data, except that the department may
34 provide estimates of taxes exempted under this section until such
35 time as retailers are able to report such exempted amounts on their
36 tax returns.

37 (4) For the purposes of this section, "battery-powered electric
38 marine propulsion system" and "vessel" have the same meanings as
39 provided in section 22 of this act.

1 (5) This section expires July 1, 2025.

2 NEW SECTION. **Sec. 23.** A new section is added to chapter 46.17
3 RCW to read as follows:

4 To realize the environmental benefits of electrification of the
5 transportation system it is necessary to support the adoption of
6 electric vehicles and other electric technology in the state by
7 incentivizing the purchase of these vehicles, building out the
8 charging infrastructure, developing greener transit options, and
9 supporting clean alternative fuel infrastructure. Therefore, it is
10 the intent of the legislature to support these activities through the
11 imposition of new transportation electrification fees in this
12 section.

13 (1) A vehicle that both (a) uses at least one method of
14 propulsion that is capable of being reenergized by an external source
15 of electricity and (b) is capable of traveling at least thirty miles
16 using only battery power, is subject to an annual seventy-five dollar
17 transportation electrification fee to be collected by the department,
18 county auditor, or other agent or subagent appointed by the director,
19 in addition to any other fees and taxes required by law. For
20 administrative efficiencies, the transportation electrification fee
21 must be collected at the same time as vehicle registration renewals
22 and may only be collected for vehicles that are renewing an annual
23 vehicle registration.

24 (2) Beginning October 1, 2019, in lieu of the fee in subsection
25 (1) of this section for a hybrid or alternative fuel vehicle that is
26 not required to pay the fees established in RCW 46.17.323 (1) and
27 (4), the department, county auditor, or other agent or subagent
28 appointed by the director must require that the applicant for the
29 annual vehicle registration renewal of such hybrid or alternative
30 fuel vehicle pay a seventy-five dollar hybrid vehicle transportation
31 electrification fee, in addition to any other fees and taxes required
32 by law.

33 (3) The fees required under this section must be deposited in the
34 electric vehicle account created in RCW 82.44.200, until July 1,
35 2025, when the fee must be deposited in the motor vehicle account.

36 (4) This section only applies to a vehicle that is designed to
37 have the capability to drive at a speed of more than thirty-five
38 miles per hour.

1 NEW SECTION. **Sec. 24.** Sections 1 through 7, 12, and 14 through
2 23 of this act take effect August 1, 2019.

3 NEW SECTION. **Sec. 25.** Sections 8 and 13 of this act take effect
4 January 1, 2020."

E2SHB 2042 - S AMD
By Senator Saldaña

ADOPTED 4/28/19

5 On page 1, line 1 of the title, after "adoption;" strike the
6 remainder of the title and insert "amending RCW 28B.30.903,
7 47.04.350, 80.28.---, 80.28.360, 82.04.4496, 82.08.816, 82.12.816,
8 82.16.0496, 82.29A.125, and 82.44.200; amending 2019 c ... (SHB 1512)
9 s 1 (uncodified); reenacting and amending RCW 43.84.092; adding new
10 sections to chapter 82.08 RCW; adding new sections to chapter 82.12
11 RCW; adding a new section to chapter 47.04 RCW; adding a new section
12 to chapter 47.66 RCW; adding a new section to chapter 46.17 RCW;
13 creating new sections; providing effective dates; providing
14 contingent effective dates; and providing expiration dates."

--- END ---