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## Finance Committee

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### HB 2486

**Brief Description:** Extending the electric marine battery incentive.

**Sponsors:** Representatives Lekanoff, Fitzgibbon, Leavitt, Doglio, Ramel and Hudgins; by request of Governor Inslee.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Extends the expiration date for the vessel electric propulsion system retail sales and use tax exemption to June 30, 2035.</li></ul>
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**Hearing Date:** 2/6/20

**Staff:** Tracey O'Brien (786-7152).

**Background:**

Retail Sales and Use Tax.

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.9 percent, depending on the location.

Vessel Electric Propulsion System Retail Sales and Use Tax Exemption.

A retail sales and use tax exemption is established through August 1, 2029, for new powertrains for vessels that are powered by battery-powered electric marine propulsion systems with continuous power greater than 15 kilowatts and for new vessels equipped with a battery-powered electric marine propulsion system with continuous power greater than 15 kilowatts.

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A "battery-powered electric marine propulsion system" is a fully electric outboard or inboard motor used by vessels, the sole source of propulsive power of which is the energy stored in the battery packs, including required accessories.

Sellers can make tax exempt sales only if the buyer provides the seller with an exemption certification as prescribed by the Department of Revenue.

At the end of each quarter, the State Treasurer is required to transfer from the Multimodal Transportation Account to the State General Fund the amount that would otherwise have been deposited in the State General Fund if not for this tax exemption.

The tax exemption for vessel electric propulsion systems expires June 30, 2025.

**Summary of Bill:**

The retail sales and use tax exemption for vessel electric propulsion systems is extended to July 1, 2035.

**Appropriation:** None.

**Fiscal Note:** Requested on January 15, 2020.

**Effective Date:** The bill takes effect on January 1, 2020.