
SUBSTITUTE HOUSE BILL 2042

State of Washington

66th Legislature

2019 Regular Session

By House Transportation (originally sponsored by Representatives Fey, Orcutt, Slatter, Doglio, Tharinger, and Ramos)

READ FIRST TIME 03/28/19.

1 AN ACT Relating to advancing green transportation adoption;
2 amending RCW 28B.30.903, 46.17.323, 47.04.350, 80.28.360, 82.04.4496,
3 82.08.816, 82.12.816, 82.16.0496, 82.29A.125, and 82.44.200;
4 reenacting and amending RCW 43.84.092; adding a new section to
5 chapter 35.92 RCW; adding a new section to chapter 54.16 RCW; adding
6 a new section to chapter 80.28 RCW; adding a new section to chapter
7 82.08 RCW; adding a new section to chapter 82.12 RCW; adding a new
8 section to chapter 47.04 RCW; adding a new section to chapter 47.66
9 RCW; creating new sections; providing effective dates; and providing
10 expiration dates.

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

12 NEW SECTION. **Sec. 1.** The legislature finds that increasing the
13 rate of adoption of electric vehicles and vessels and other clean
14 alternative fuel vehicles will help to reduce harmful air pollution
15 from exhaust emissions, including greenhouse gas emissions, in the
16 state. The legislature also finds that an increased reliance on
17 greener transit options will help to further reduce harmful air
18 pollution from exhaust emissions. The legislature further finds that
19 support for clean alternative fuel infrastructure can help to
20 increase adoption of green transportation in the state, as noted in a
21 2015 joint transportation committee report. It is therefore the

1 legislature's intent to drive green vehicle and vessel adoption and
2 increased green transit use by: (1) Establishing and extending tax
3 incentive programs for alternative fuel vehicles and related
4 infrastructure, including for commercial vehicles; (2) providing
5 funding for a capital grant program to assist transit authorities in
6 reducing the carbon output of their fleets; (3) increasing public and
7 private electric utilities' ability to invest in electric vehicle
8 charging infrastructure; (4) establishing a technical assistance
9 program for public agencies within the Washington State University's
10 energy program; (5) funding a pilot program to test methods for
11 facilitating access to alternative fuel vehicles and alternative fuel
12 vehicle infrastructure by low-income residents of the state; (6)
13 funding a study to examine opportunities to provide financing
14 assistance to lower-income residents of the state who would like to
15 purchase an electric vehicle; and (7) establishing a tax incentive
16 program for certain electric vessels.

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

19 (1) The Washington State University extension energy program
20 shall provide information, technical assistance, and consultation on
21 physical plant operation, maintenance, and construction issues to
22 state and local governments, tribal governments, and nonprofit
23 organizations through its plant operations support program. The
24 Washington State University extension energy program may not enter
25 into facilities design or construction contracts on behalf of state
26 or local government agencies, tribal governments, or nonprofit
27 organizations. The plant operations support program created in this
28 section must be funded by voluntary subscription charges, service
29 fees, and other funding acquired by or provided to Washington State
30 University for such purposes.

31 (2) Subject to the availability of amounts appropriated for this
32 specific purpose, the Washington State University extension energy
33 program shall establish and administer a technical assistance and
34 education program focused on the use of alternative fuel vehicles.
35 Education and assistance may be provided to public agencies.

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

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

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

13 (3) (a) Except as provided in (c) of this subsection, the fee
14 under this section is imposed to provide funds to mitigate the impact
15 of vehicles on state roads and highways and for the purpose of
16 evaluating the feasibility of transitioning from a revenue collection
17 system based on fuel taxes to a road user assessment system, and is
18 separate and distinct from other vehicle license fees. Except as
19 provided in (c) of this subsection, proceeds from the fee in
20 subsection (1) of this section must be used for highway purposes, and
21 must be deposited in the motor vehicle fund created in RCW 46.68.070,
22 subject to (b) of this subsection.

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

27 (i) Seventy percent to the motor vehicle fund created in RCW
28 46.68.070;

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

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

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

36 (4) (a) In addition to the fee established in subsection (1) of
37 this section, before accepting an application for an annual vehicle
38 registration renewal for a vehicle that both (i) uses at least one
39 method of propulsion that is capable of being reenergized by an
40 external source of electricity and (ii) is capable of traveling at

1 least thirty miles using only battery power, the department, county
2 auditor or other agent, or subagent appointed by the director must
3 require the applicant to pay a ~~((fifty))~~ one hundred dollar fee until
4 August 1, 2028. Beginning August 1, 2029, the additional fee
5 established in this subsection is reduced to fifty dollars.

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

8 ~~(i) The first one million dollars raised by the fee must be~~
9 ~~deposited into the multimodal transportation account created in RCW~~
10 ~~47.66.070; and~~

11 ~~(ii) Any remaining amounts must be))~~ deposited into the ~~((motor~~
12 ~~vehicle fund))~~ electric vehicle account created in RCW ~~((46.68.070))~~
13 82.44.200.

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

17 NEW SECTION. Sec. 4. A new section is added to chapter 35.92
18 RCW to read as follows:

19 (1) The governing authority of an electric utility formed under
20 this chapter may adopt an electrification of transportation plan
21 that, at a minimum, establishes a finding that utility outreach and
22 investment in the electrification of transportation infrastructure
23 does not increase net costs to ratepayers in excess of one-quarter of
24 one percent.

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

36 (3) An electric utility formed under this chapter may, upon
37 making a determination in accordance with subsection (1) of this
38 section, offer incentive programs in the electrification of
39 transportation for its customers, including the promotion of electric

1 vehicle adoption and advertising programs to promote the utility's
2 services, incentives, or rebates.

3 **Sec. 5.** RCW 47.04.350 and 2015 3rd sp.s. c 44 s 403 are each
4 amended to read as follows:

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

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

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

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

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

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

30 (iv) Bidders must specify how the project captures the indirect
31 value of charging or refueling station deployment to the private
32 partner.

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

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

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

3 (b) Grants and loans issued under this subsection must be funded
4 from the electric vehicle (~~(charging infrastructure)~~) account created
5 in RCW 82.44.200.

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

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

17 (7) The department must adopt rules to implement and administer
18 this section.

19 NEW SECTION. **Sec. 6.** A new section is added to chapter 54.16
20 RCW to read as follows:

21 (1) The commission of a public utility district may adopt an
22 electrification of transportation plan that, at a minimum,
23 establishes a finding that outreach and investment in the
24 electrification of transportation infrastructure does not increase
25 net costs to ratepayers in excess of one-quarter of one percent.

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

38 (3) A public utility district may, upon making a determination in
39 accordance with subsection (1) of this section, offer incentive

1 programs in the electrification of transportation for its customers,
2 including the promotion of electric vehicle adoption and advertising
3 programs to promote the district's services, incentives, or rebates.

4 NEW SECTION. **Sec. 7.** A new section is added to chapter 80.28
5 RCW to read as follows:

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

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

29 (3) The commission must issue an acknowledgment of an
30 electrification of transportation plan within six months of the
31 submittal of the plan. The commission may establish by rule the
32 requirements for preparation and submission of an electrification of
33 transportation plan. An electric utility may submit a plan under this
34 section before or during rule-making proceedings.

35 **Sec. 8.** RCW 80.28.360 and 2015 c 220 s 2 are each amended to
36 read as follows:

37 (1) In establishing rates for each electrical company regulated
38 under this title, the commission may allow an incentive rate of

1 return on investment through December 31, 2030, on capital
2 expenditures for electric vehicle supply equipment that is deployed
3 for the benefit of ratepayers, provided that the capital expenditures
4 do not increase costs to ratepayers in excess of one-quarter of one
5 percent. The commission must consider and may adopt other policies to
6 improve access to and promote fair competition in the provision of
7 electric vehicle supply equipment.

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

16 (3) The incentive rate of return on investment authorized in
17 subsection (2) of this section applies only to projects which have
18 been installed after July 1, 2015(~~(, and which are reasonably~~
19 ~~expected, at the time they are placed in the rate base, to result in~~
20 ~~real and tangible benefits for ratepayers by being installed and~~
21 ~~located where electric vehicles are most likely to be parked for~~
22 ~~intervals longer than two hours))).~~

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

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

36 NEW SECTION. **Sec. 9.** This section is the tax preference
37 performance statement for the tax preferences contained in sections
38 10 through 16, chapter . . . , Laws of 2019 (sections 10 through 16 of
39 this act). The performance statement is only intended to be used for

1 subsequent evaluation of the tax preference. It is not intended to
2 create a private right of action by any party or be used to determine
3 eligibility for preferential tax treatment.

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

7 (2) It is the legislature's specific public policy objective to
8 increase the use of clean alternative fuel vehicles in Washington. It
9 is the legislature's intent to establish and extend tax incentive
10 programs for alternative fuel vehicles and related infrastructure by:

11 (a) Reinstating the sales and use tax exemption on certain clean
12 alternative fuel vehicles in order to reduce the price charged to
13 customers for clean alternative fuel vehicles; (b) extending the
14 business and occupation and public utility tax credit for clean
15 alternative fuel commercial vehicles and expanding it to include
16 clean alternative fuel infrastructure; (c) extending the sales and
17 use tax exemption for electric vehicle batteries and infrastructure
18 and expanding it to include the electric battery component of
19 electric buses and zero emissions buses; and (d) extending the
20 leasehold excise tax exemption to tenants of public lands for
21 electric vehicle infrastructure.

22 (3) To measure the effectiveness of the tax preferences in
23 sections 10 through 16, chapter . . ., Laws of 2019 (sections 10
24 through 16 of this act) in achieving the public policy objectives
25 described in subsection (2) of this section, the joint legislative
26 audit and review committee must evaluate the number of clean
27 alternative fuel vehicles titled in the state.

28 (4) In order to obtain the data necessary to perform the review
29 in subsection (3) of this section, the department of licensing and
30 the department of revenue must provide data needed for the joint
31 legislative audit and review committee analysis. In addition to the
32 data source described under this subsection, the joint legislative
33 audit and review committee may use any other data it deems necessary.

34 **Sec. 10.** RCW 82.04.4496 and 2017 c 116 s 1 are each amended to
35 read as follows:

36 (1) (a) (i) A person who is taxable under this chapter is allowed a
37 credit against the tax imposed in this chapter according to the gross
38 vehicle weight rating of the vehicle and the incremental cost of the
39 vehicle purchased above the purchase price of a comparable

1 conventionally fueled vehicle. The credit is limited, as set forth in
 2 the table below, to the lesser of the incremental cost amount or the
 3 maximum credit amount per vehicle purchased, and subject to a maximum
 4 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

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

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

33 (c) The credit provided in (a)(i) of this subsection ~~((+1))~~ is
 34 available for the lease of a vehicle. The credit amount for a leased
 35 vehicle is equal to the credit in (a)(i) of this subsection ~~((+1))~~
 36 multiplied by the lease reduction factor. The person claiming the
 37 credit for a leased vehicle must be the lessee as identified in the
 38 lease contract.

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

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

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

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

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

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

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

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

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

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

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

6 (ii) A quote or unexecuted copy of the purchase requisition or
7 order for the vehicle, infrastructure, infrastructure components,
8 infrastructure construction, or infrastructure installation;

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

11 (iv) The incremental cost of the alternative fuel system for
12 vehicle credits;

13 (v) The anticipated delivery date of the vehicle, the anticipated
14 delivery date of the infrastructure or infrastructure components, the
15 anticipated construction completion date of the infrastructure, or
16 the anticipated installation completion date of the infrastructure;

17 (vi) The estimated annual fuel use of the vehicle in the
18 anticipated duties or the estimated annual fuel to be supplied by the
19 infrastructure;

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

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

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

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

28 (i) A copy of the order for the vehicle or infrastructure-related
29 item, including the total cost for the vehicle or infrastructure-
30 related item;

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

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

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

39 (c) Provide final documentation within ~~((fifteen))~~ thirty days of
40 receipt of the vehicle or infrastructure or infrastructure components

1 or of completion of construction or installation of the
2 infrastructure, including:

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

5 (ii) A copy of the factory build sheet or equivalent
6 documentation;

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

8 (iv) The incremental cost of the alternative fuel system for
9 vehicle credits;

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

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

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

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

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

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

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

37 (d) Within fifteen days of receipt of final documentation, review
38 the documentation and notify the person applying of the acceptance of
39 their final documentation.

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

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

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

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

13 (iii) Sales of alternative fuel vehicle infrastructure or
14 infrastructure components, or the cost of construction or
15 installation of alternative fuel vehicle infrastructure.

16 (b) A credit is earned when the purchaser or the lessee takes
17 receipt of the qualifying commercial vehicle or infrastructure-
18 related item, the vehicle conversion is complete, or the construction
19 or installation of the infrastructure is complete.

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

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

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

34 (15) The department must conduct outreach to interested parties
35 to obtain input on how best to streamline the application process
36 required for the credit made available in this section and RCW
37 82.16.0496 to further adoption of alternative fuel technologies in
38 commercial vehicle fleets, and must incorporate the findings
39 resulting from this outreach effort into the rules and practices it

1 adopts to implement and administer this section and RCW 82.16.0496 to
2 the extent permitted under law.

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

5 (a) "Alternative fuel vehicle infrastructure" means structures,
6 machinery, and equipment necessary and integral to support a clean
7 alternative fuel vehicle.

8 (b) "Auto transportation company" means any corporation or person
9 owning, controlling, operating, or managing any motor propelled
10 vehicle, used in the business of transporting persons for
11 compensation over public highways within the state of Washington,
12 between fixed points or over a regular route. For the purposes of
13 this section, "auto transportation company" also includes the
14 following categories of providers irrespective of whether they
15 provide service between fixed points or over a regular route:
16 "Private, nonprofit transportation provider" as defined in RCW
17 81.66.010, "charter party carrier" as defined in RCW 81.70.020, and
18 paratransit service providers who primarily provide special needs
19 transportation to individuals with disabilities and the elderly.

20 ~~((b))~~ (c) "Clean alternative fuel" means electricity, dimethyl
21 ether, hydrogen, methane, natural gas, liquefied natural gas,
22 compressed natural gas, or propane.

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

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

33 ~~((e))~~ (f) "Lease reduction factor" means the vehicle gross
34 capitalized cost less the residual value, divided by the gross
35 capitalized cost.

36 ~~((f))~~ (g) "Qualifying used commercial vehicle" means vehicles
37 that:

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

1 (ii) Are less than ten years past their original date of
2 manufacture;

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

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

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

11 ~~((16))~~ (17) Credits may be earned under this section from
12 January 1, 2016, ~~((through January 1, 2021))~~ until the maximum total
13 credit amount in subsection (1)(b) of this section is reached, except
14 for credits for leased vehicles, which may be earned from July 1,
15 2016, ~~((through January 1, 2021))~~ until the maximum total credit
16 amount in subsection (1)(b) of this section is reached.

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

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

20 NEW SECTION. Sec. 11. A new section is added to chapter 82.08
21 RCW to read as follows:

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

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

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

28 (ii) Use at least one method of propulsion that is capable of
29 being reenergized by an external source of electricity and are
30 capable of traveling at least thirty miles using only battery power;
31 and

32 (iii) (A) Have a vehicle selling price plus trade-in property of
33 like kind that does not exceed forty-five thousand dollars; or

34 (B) Have a fair market value at the inception of the lease that
35 does not exceed forty-five thousand dollars;

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

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

1 (B) The total lease payments made plus any additional selling
2 price of the leased vehicle if the original lessee purchases the
3 leased vehicle before the qualification period end date, for lease
4 agreements signed.

5 (ii) Based on the purchase date or the date the lease agreement
6 was signed of the vehicle if the vehicle is new at the time of the
7 purchase date or the date the lease agreement was signed:

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

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

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

16 (iii) If the vehicle is used at the time of the purchase date or
17 the date the lease agreement was signed, the maximum amount eligible
18 under (b)(i) of this subsection is sixteen thousand dollars.

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

31 (3)(a) The department of licensing must maintain and publish a
32 list of all vehicle models that meet the qualifying criteria in
33 subsection (1)(a)(i) or (ii) of this section and section 12(1)(a)(i)
34 or (ii) of this act until the expiration date of this section, and is
35 authorized to issue final rulings on vehicle model qualification for
36 these criteria. A seller is not responsible for repayment of the tax
37 exemption under this section and section 12 of this act for a vehicle
38 if the department of licensing's published list of qualifying vehicle
39 models on the purchase date or the date the lease agreement was
40 signed includes the vehicle model and the department of licensing

1 subsequently removes the vehicle model from the published list,
2 provided the vehicle meets the applicable qualifying criterion under
3 subsection (1)(a)(iii) of this section and section 12(1)(a)(iii) of
4 this act.

5 (b) The department of revenue retains responsibility for
6 determining whether a vehicle meets the applicable qualifying
7 criterion under subsection (1)(a)(iii) of this section and section
8 12(1)(a)(iii) of this act.

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

20 (5) By the last day of October 2019, and every six months
21 thereafter until this section expires, based on the best available
22 data, the department must report the following information to the
23 transportation committees of the legislature: The cumulative number
24 of vehicles that qualified for the exemption under this section and
25 section 12 of this act by month of purchase or lease start and
26 vehicle make and model; the dollar amount of all state retail sales
27 and use taxes exempted on or after the qualification period start
28 date, under this section and section 12 of this act; and estimates of
29 the future costs of leased vehicles that qualified for the exemption
30 under this section and section 12 of this act.

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

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

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

40 (c) "Qualification period end date" means August 1, 2025.

1 (d) "Qualification period start date" means the effective date of
2 this section.

3 (e) "Used vehicle" has the same meaning as in RCW 46.04.660.

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

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

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

14 NEW SECTION. **Sec. 12.** A new section is added to chapter 82.12
15 RCW to read as follows:

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

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

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

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

26 (iii)(A) Have a fair market value that, at the time use tax is
27 imposed for purchased vehicles, does not exceed forty-five thousand
28 dollars; or

29 (B) Have a fair market value that, at the inception of the lease
30 for leased vehicles, does not exceed forty-five thousand dollars;

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

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

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

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

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

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

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

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

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

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

37 (3) On the last day of January, April, July, and October of each
38 year, the state treasurer, based upon information provided by the
39 department, must transfer from the electric vehicle account to the
40 general fund a sum equal to the dollar amount that would otherwise

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

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

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

13 (5) The definitions in section 11 of this act apply to this
14 section.

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

16 **Sec. 13.** RCW 82.08.816 and 2009 c 459 s 4 are each amended to
17 read as follows:

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

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

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

25 (c) The sale of or charge made for labor and services rendered in
26 respect to installing, constructing, repairing, or improving electric
27 vehicle infrastructure; ~~((and))~~

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

32 (e) The sale of zero emissions buses.

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

37 (3) The definitions in this subsection apply throughout this
38 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 an
14 electric vehicle, including battery charging stations, rapid charging
15 stations, and battery exchange stations.

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

21 (e) "Zero emissions bus" means a bus that emits no exhaust gas
22 from the onboard source of power.

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

24 **Sec. 14.** RCW 82.12.816 and 2009 c 459 s 5 are each amended to
25 read as follows:

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

28 (a) Electric vehicle batteries, including batteries sold as a
29 component of an electric bus at the time of the vehicle's sale;

30 (b) Labor and services rendered in respect to installing,
31 repairing, altering, or improving electric vehicle batteries; (~~and~~)

32 (c) Tangible personal property that will become a component of
33 electric vehicle infrastructure during the course of installing,
34 constructing, repairing, or improving electric vehicle
35 infrastructure; and

36 (d) Zero emissions buses.

37 (2) The definitions in this subsection apply throughout this
38 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 an
14 electric vehicle, including battery charging stations, rapid charging
15 stations, and battery exchange stations.

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

21 (e) "Zero emissions bus" means a bus that emits no exhaust gas
22 from the onboard source of power.

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

24 **Sec. 15.** RCW 82.16.0496 and 2017 c 116 s 2 are each amended to
25 read as follows:

26 (1) (a) (i) A person who is taxable under this chapter is allowed a
27 credit against the tax imposed in this chapter according to the gross
28 vehicle weight rating of the vehicle and the incremental cost of the
29 vehicle purchased above the purchase price of a comparable
30 conventionally fueled vehicle. The credit is limited, as set forth in
31 the table below, to the lesser of the incremental cost amount or the
32 maximum credit amount per vehicle purchased, and subject to a maximum
33 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%)) <u>75%</u> of incremental cost	\$25,000	\$2,000,000

1	14,001 to 26,500 pounds	((50%)) 75% of incremental cost	\$50,000	\$2,000,000
2				
3	Above 26,500 pounds	((50%)) 75% of incremental cost	\$100,000	\$2,000,000
4				

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

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

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

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

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

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

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

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

16 (b) The department must disallow any credits, or portion thereof,
17 that would cause the total amount of credits claimed beginning July
18 15, 2015, under this section and RCW 82.04.4496 to exceed thirty-two
19 and one-half million dollars. The department must provide
20 notification on its web site monthly on the total amount of credits
21 that have been applied for, the amount issued, and the amount
22 remaining before the statewide limit is reached. In addition, the
23 department must provide written notice to any person who has applied
24 to claim tax credits in excess of the limitation in this subsection.

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

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

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

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

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

38 (ii) A quote or unexecuted copy of the purchase requisition or
39 order for the vehicle, infrastructure, infrastructure components,
40 infrastructure construction, or infrastructure installation;

- 1 (iii) The type of alternative fuel to be used by the vehicle or
2 supported by the infrastructure;
- 3 (iv) The incremental cost of the alternative fuel system for
4 vehicle credits;
- 5 (v) The anticipated delivery date of the vehicle, the anticipated
6 delivery date of the infrastructure or infrastructure components, the
7 anticipated construction completion date of the infrastructure, or
8 the anticipated installation completion date of the infrastructure;
- 9 (vi) The estimated annual fuel use of the vehicle in the
10 anticipated duties or the estimated annual fuel to be supplied by the
11 infrastructure;
- 12 (vii) The gross weight of each vehicle for vehicle credits;
- 13 (viii) For leased vehicles, a copy of the lease contract that
14 includes the gross capitalized cost, residual value, and name of the
15 lessee; and
- 16 (ix) Any other information deemed necessary by the department to
17 support administration or reporting of the program.
- 18 (b) Within fifteen days of notice of credit availability from the
19 department, provide notice of intent to claim the credit including:
- 20 (i) A copy of the order for the vehicle or infrastructure-related
21 item, including the total cost for the vehicle or infrastructure-
22 related item;
- 23 (ii) The anticipated delivery date of the vehicle or
24 infrastructure or infrastructure component, which must be within one
25 year of acceptance of the credit; ((and))
- 26 (iii) The anticipated construction or installation completion
27 date of the infrastructure, which must be within two years of
28 acceptance of the credit; and
- 29 (iv) Any other information deemed necessary by the department to
30 support administration or reporting of the program.
- 31 (c) Provide final documentation within ((fifteen)) thirty days of
32 receipt of the vehicle or infrastructure or infrastructure components
33 or of completion of construction or installation of the
34 infrastructure, including:
- 35 (i) A copy of the final invoice for the vehicle or
36 infrastructure-related items;
- 37 (ii) A copy of the factory build sheet or equivalent
38 documentation;
- 39 (iii) The vehicle identification number of each vehicle;

1 (iv) The incremental cost of the alternative fuel system for
2 vehicle credits;

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

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

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

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

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

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

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

30 (d) Within fifteen days of receipt of final documentation, review
31 the documentation and notify the person applying of the acceptance of
32 their final documentation.

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

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

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

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

5 (iii) Sales of alternative fuel vehicle infrastructure or
6 infrastructure components, or the cost of construction or
7 installation of alternative fuel vehicle infrastructure.

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

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

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

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

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

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

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

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

36 **Sec. 16.** RCW 82.29A.125 and 2009 c 459 s 3 are each amended to
37 read as follows:

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

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

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

11 (b) "Battery exchange station" means a fully automated facility
12 that will enable an electric vehicle with a swappable battery to
13 enter a drive lane and exchange the depleted battery with a fully
14 charged battery through a fully automated process, which meets or
15 exceeds any standards, codes, and regulations set forth by chapter
16 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

17 (c) "Electric vehicle infrastructure" means structures,
18 machinery, and equipment necessary and integral to support an
19 electric vehicle, including battery charging stations, rapid charging
20 stations, and battery exchange stations.

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

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

27 **Sec. 17.** 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 and sections
34 11 and 12 of this act. Moneys in the account may be spent only after
35 appropriation.

36 NEW SECTION. **Sec. 18.** A new section is added to chapter 47.04
37 RCW to read as follows:

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

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

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

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

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

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

25 The department of commerce must provide a report detailing the
26 findings of this study to the transportation committees of the
27 legislature by December 1, 2019, and may contract with a consultant
28 on all or a portion of the study.

29 NEW SECTION. **Sec. 20.** A new section is added to chapter 47.66
30 RCW to read as follows:

31 (1)(a) Subject to the availability of amounts appropriated for
32 this specific purpose, the department's public transportation
33 division shall establish a green transportation capital grant
34 program. The purpose of the grant program is to aid any transit
35 authority in funding cost-effective capital projects such as
36 electrification of vehicle fleets, modification or replacement of
37 capital facilities in order to facilitate fleet electrification,
38 necessary upgrades to electrical transmission and distribution

1 systems, and construction of charging and fueling stations, which
2 reduce the carbon intensity of the Washington transportation system.
3 The department's public transportation division shall identify
4 projects and shall submit a prioritized list of all projects
5 requesting funding to the legislature by December 1st of each even-
6 numbered year.

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

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

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

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

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

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

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

36 **Sec. 21.** RCW 43.84.092 and 2018 c 287 s 7, 2018 c 275 s 10, and
37 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. 22.** This section is the tax preference
32 performance statement for the tax preferences contained in sections
33 23 and 24, chapter . . ., Laws of 2019 (sections 23 and 24 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 23 and 24, chapter . . ., Laws of 2019 (sections 23 and 24
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. 23.** 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) For the purposes of this section:

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

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

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

5 NEW SECTION. **Sec. 24.** A new section is added to chapter 82.12
6 RCW to read as follows:

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

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

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

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

17 (3) For the purposes of this section, "battery-powered electric
18 marine propulsion system" and "vessel" have the same meanings as in
19 section 23 of this act.

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

21 NEW SECTION. **Sec. 25.** Sections 1 through 9, 11 through 14, and
22 16 through 24 of this act take effect August 1, 2019.

23 NEW SECTION. **Sec. 26.** Sections 10 and 15 of this act take
24 effect January 1, 2020.

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