

CERTIFICATION OF ENROLLMENT
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2042

66th Legislature
2019 Regular Session

Passed by the House April 28, 2019
Yeas 91 Nays 7

Speaker of the House of Representatives

Passed by the Senate April 28, 2019
Yeas 31 Nays 17

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2042** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2042

AS AMENDED BY THE SENATE

Passed Legislature - 2019 Regular Session

State of Washington 66th Legislature 2019 Regular Session

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

READ FIRST TIME 04/22/19.

1 AN ACT Relating to advancing green transportation adoption;
2 amending RCW 28B.30.903, 47.04.350, 80.28.---, 80.28.360, 82.04.4496,
3 82.08.816, 82.12.816, 82.16.0496, 82.29A.125, and 82.44.200; amending
4 2019 c ... (SHB 1512) s 1 (uncodified); reenacting and amending RCW
5 43.84.092; adding new sections to chapter 82.08 RCW; adding new
6 sections to chapter 82.12 RCW; adding a new section to chapter 47.04
7 RCW; adding a new section to chapter 47.66 RCW; adding a new section
8 to chapter 46.17 RCW; creating new sections; providing effective
9 dates; providing contingent effective dates; and providing expiration
10 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 through the 2023-2025 biennium, the Washington State
33 University extension energy program must establish and administer a
34 technical assistance and education program focused on the use of
35 alternative fuel vehicles. Education and assistance may be provided
36 to public agencies, including local governments and other state
37 political subdivisions.

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

3 (1) Subject to the availability of amounts appropriated for this
4 specific purpose through the 2023-2025 biennium, the department's
5 public-private partnership office must develop and maintain a
6 ~~((pilot))~~ program to support the deployment of ~~((electric))~~ clean
7 alternative fuel vehicle charging and refueling infrastructure that
8 is supported by private financing.

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

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

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

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

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

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

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

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

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

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

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

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

15 (7) The department must adopt rules to implement and administer
16 this section.

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

19 The legislature finds that:

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

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

37 (3) Legislative clarity is important for utilities to offer
38 programs and services, including incentives, in the electrification
39 of transportation for their customers. It is the intent of the

1 legislature to allow all utilities to support transportation
2 electrification to further the state's policy goals and achieve
3 parity among all electric utilities, so each electric utility,
4 depending on its unique circumstances, can determine its appropriate
5 role in the development of electrification of transportation
6 infrastructure.

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

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

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

25 (b) Anticipated benefits of transportation electrification, based
26 on a forecast of electric transportation in the utilities' service
27 territory; and

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

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

1 of transportation proposals; and (e) the benefits and costs of the
2 planned actions (~~and (f) the overall customer experience~~).

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

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

11 (1) In establishing rates for each electrical company regulated
12 under this title, the commission may allow an incentive rate of
13 return on investment through December 31, 2030, on capital
14 expenditures for electric vehicle supply equipment that is deployed
15 for the benefit of ratepayers, provided that the capital expenditures
16 of the utilities' programs or plans in section 5(1) of this act do
17 not increase ((costs to ratepayers)) the annual retail revenue
18 requirement of the utility, after accounting for the benefits of
19 transportation electrification in each year of the plan, in excess of
20 one-quarter of one percent. The commission must consider and may
21 adopt other policies to improve access to and promote fair
22 competition in the provision of electric vehicle supply equipment.

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

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

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

1 depreciated, an electrical company may gift the electric vehicle
2 supply equipment to the owner of the property on which it is located.

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

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

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

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

23 (a) Reinstating the sales and use tax exemption on certain clean
24 alternative fuel vehicles in order to reduce the price charged to
25 customers for clean alternative fuel vehicles; (b) extending the
26 business and occupation and public utility tax credit for clean
27 alternative fuel commercial vehicles and expanding it to include
28 clean alternative fuel infrastructure; (c) extending the sales and
29 use tax exemption for electric vehicle batteries, fuel cells, and
30 infrastructure and expanding it to include the electric battery and
31 fuel cell components of electric buses and zero emissions buses; and
32 (d) extending the leasehold excise tax exemption to tenants of public
33 lands for battery and fuel cell electric vehicle infrastructure.

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

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

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

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

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

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

1 under any other (~~weight class listed~~) category identified in (a) of
2 this subsection, subject to the maximum annual and total credit
3 amounts identified in this subsection. The credit established in this
4 section and RCW 82.16.0496 is subject to a maximum annual credit
5 amount of six million dollars, and a maximum total credit amount of
6 thirty-two and one-half million dollars since the credit became
7 available on July 15, 2015.

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

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

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

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

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

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

37 (b) The department must disallow any credits, or portion thereof,
38 that would cause the total amount of credits claimed beginning July
39 15, 2015, under this section and RCW 82.16.0496 to exceed thirty-two
40 and one-half million dollars. The department must provide

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (iii) If the vehicle is a used vehicle at the time of the
40 purchase date or the date the lease agreement was signed, the maximum

1 amount eligible under (b)(i) of this subsection is sixteen thousand
2 dollars.

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

15 (3)(a) The department of licensing must maintain and publish a
16 list of all vehicle models qualifying for the tax exemptions under
17 this section or section 10 of this act until the expiration date of
18 this section, and is authorized to issue final rulings on vehicle
19 model qualification for these criteria. A seller is not responsible
20 for repayment of the tax exemption under this section and section 10
21 of this act for a vehicle if the department of licensing's published
22 list of qualifying vehicle models on the purchase date or the date
23 the lease agreement was signed includes the vehicle model and the
24 department of licensing subsequently removes the vehicle model from
25 the published list, and, if applicable, the vehicle meets the
26 qualifying criterion under subsection (1)(a)(iii)(B) of this section
27 and section 10(1)(a)(iii)(B) of this act.

28 (b) The department of revenue retains responsibility for
29 determining whether a vehicle meets the applicable qualifying
30 criterion under subsection (1)(a)(iii)(B) of this section and section
31 10(1)(a)(iii)(B) of this act.

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

1 retailers are able to report such exempted amounts on their tax
2 returns.

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

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

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

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

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

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

26 (e) "Qualification period start date" means the effective date of
27 this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (iii) If the vehicle is a used vehicle at the time of the
12 purchase date or the date the lease agreement was signed, the maximum
13 amount eligible under (b)(i) of this subsection is sixteen thousand
14 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 must 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 August 1, 2028.

13 (5) The definitions in section 9 of this act apply to this
14 section.

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

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

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

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

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

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

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

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

36 (e) The sale of zero emissions buses.

37 (2) Sellers may make tax exempt sales under this section only if
38 the buyer provides the seller with an exemption ~~((certification))~~

1 certificate in a form and manner prescribed by the department. The
2 seller must retain a copy of the certificate for the seller's files.

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

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

16 (a) "Battery charging station" means an electrical component
17 assembly or cluster of component assemblies designed specifically to
18 charge batteries within electric vehicles, which meet or exceed 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 (b) "Battery exchange station" means a fully automated facility
22 that will enable an electric vehicle with a swappable battery to
23 enter a drive lane and exchange the depleted battery with a fully
24 charged battery through a fully automated process, which meets or
25 exceeds any standards, codes, and regulations set forth by chapter
26 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

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

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

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

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

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

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

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

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

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

16 (b) Labor and services rendered in respect to installing,
17 repairing, altering, or improving electric vehicle batteries or fuel
18 cells; ((and))

19 (c) Tangible personal property that will become a component of
20 battery or fuel cell electric vehicle infrastructure during the
21 course of installing, constructing, repairing, or improving battery
22 or fuel cell electric vehicle infrastructure; and

23 (d) Zero emissions buses.

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

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

31 (b) "Battery exchange station" means a fully automated facility
32 that will enable an electric vehicle with a swappable battery to
33 enter a drive lane and exchange the depleted battery with a fully
34 charged battery through a fully automated process, which meets or
35 exceeds any standards, codes, and regulations set forth by chapter
36 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

37 (c) "Electric vehicle infrastructure" means structures,
38 machinery, and equipment necessary and integral to support ~~((a))~~ a
39 battery or fuel cell electric vehicle, including battery charging

1 stations, rapid charging stations, ~~((and))~~ battery exchange stations,
2 fueling stations that provide hydrogen for fuel cell electric
3 vehicles, and renewable hydrogen production facilities.

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

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

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

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

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

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

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

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

1 maximum credit amount per vehicle purchased, and subject to a maximum
2 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

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

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

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

36 (2) A person who is taxable under this chapter is allowed,
37 subject to the maximum annual credit per ~~((vehicle class))~~ category
38 in subsection (1)(a) of this section, a credit against the tax

1 imposed in this chapter for the lesser of twenty-five thousand
2 dollars or (~~thirty~~) fifty percent of the costs of converting a
3 commercial vehicle to be principally powered by a clean alternative
4 fuel with a United States environmental protection agency certified
5 conversion.

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

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

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

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

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

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

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

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

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

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

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

3 (ii) A copy of the factory build sheet or equivalent
4 documentation;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32 (16) Credits may be earned under this section from January 1,
33 2016, ~~((through January 1, 2021))~~ until the maximum total credit
34 amount in subsection (1)(b) of this section is reached, except for
35 credits for leased vehicles, which may be earned from July 1, 2016,
36 ~~((through January 1, 2021))~~ until the maximum total credit amount in
37 subsection (1)(b) of this section is reached.

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

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

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

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

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

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

13 (b) "Battery exchange station" means a fully automated facility
14 that will enable an electric vehicle with a swappable battery to
15 enter a drive lane and exchange the depleted battery with a fully
16 charged battery through a fully automated process, which meets or
17 exceeds any standards, codes, and regulations set forth by chapter
18 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

19 (c) "Electric vehicle infrastructure" means structures,
20 machinery, and equipment necessary and integral to support an
21 electric vehicle, including battery charging stations, rapid charging
22 stations, ~~((and))~~ battery exchange stations, fueling stations that
23 provide hydrogen for fuel cell electric vehicles, and renewable
24 hydrogen production facilities.

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

30 (e) "Renewable hydrogen" means hydrogen produced using renewable
31 resources both as the source for hydrogen and the source for energy
32 input into the production process.

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

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

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

3 The electric vehicle (~~charging infrastructure~~) account is
4 created in the transportation infrastructure account. Proceeds from
5 the principal and interest payments made on loans from the account
6 must be deposited into the account. Expenditures from the account may
7 be used only for the purposes specified in RCW 47.04.350, sections 9
8 and 10 of this act, and the support of other transportation
9 electrification and alternative fuel related purposes. Moneys in the
10 account may be spent only after appropriation.

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

13 (1) Subject to the availability of amounts appropriated for this
14 specific purpose through the 2023-2025 biennium, the department's
15 public-private partnership office must develop a pilot program to
16 support clean alternative fuel car sharing programs to provide clean
17 alternative fuel vehicle use opportunities to underserved communities
18 and low to moderate income members of the workforce not readily
19 served by transit or located in transportation corridors with
20 emissions that exceed federal or state emissions standards. Nonprofit
21 organizations or local governments, including housing authorities,
22 with a demonstrated history of managing or implementing low-income
23 transportation clean alternative fuel and shared mobility pilot
24 programs are eligible to participate in this program.

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

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

35 (4) The department must include the following elements in its
36 proposal evaluation and scoring methodology: History of successful
37 management of equity focused clean alternative fuel vehicle projects;
38 substantial level of involvement from community-based, equity focused
39 organizations in the project; plan for long-term financial

1 sustainability of the work beyond the duration of the grant period;
2 matching resources leveraged for the project; and geographical
3 diversity of the projects selected.

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

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

16 (b) At the termination of a program for providing alternative
17 fuel car sharing services, the state must be reimbursed for any
18 property acquired with state grant funding under this section that
19 nongovernmental participants in the program retain at the time of
20 program termination. The amount of reimbursement may under no
21 circumstances be less than the fair market value of the property at
22 the time of the termination of the program.

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

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

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

7 (1)(a) Subject to the availability of amounts appropriated for
8 this specific purpose through the 2023-2025 biennium, the
9 department's public transportation division shall establish a green
10 transportation capital grant program. The purpose of the grant
11 program is to aid any transit authority in funding cost-effective
12 capital projects to reduce the carbon intensity of the Washington
13 transportation system, examples of which include: Electrification of
14 vehicle fleets, including battery and fuel cell electric vehicles;
15 modification or replacement of capital facilities in order to
16 facilitate fleet electrification and/or hydrogen refueling; necessary
17 upgrades to electrical transmission and distribution systems; and
18 construction of charging and fueling stations. The department's
19 public transportation division shall identify projects and shall
20 submit a prioritized list of all projects requesting funding to the
21 legislature by December 1st of each even-numbered year.

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

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

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

29 (2) The department's public transportation division must
30 establish an advisory committee to assist in identifying projects
31 under subsection (1) of this section. The advisory committee must
32 include representatives from the department of ecology, the
33 department of commerce, the utilities and transportation commission,
34 and at least one transit authority.

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

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

5 (5) For purposes of this section, "transit authority" means a
6 city transit system under RCW 35.58.2721 or chapter 35.95A RCW, a
7 county public transportation authority under chapter 36.57 RCW, a
8 metropolitan municipal corporation transit system under chapter 36.56
9 RCW, a public transportation benefit area under chapter 36.57A RCW,
10 an unincorporated transportation benefit area under RCW 36.57.100, a
11 regional transit authority under chapter 81.112 RCW, or any special
12 purpose district formed to operate a public transportation system.

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

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

18 (2) The treasury income account shall be utilized to pay or
19 receive funds associated with federal programs as required by the
20 federal cash management improvement act of 1990. The treasury income
21 account is subject in all respects to chapter 43.88 RCW, but no
22 appropriation is required for refunds or allocations of interest
23 earnings required by the cash management improvement act. Refunds of
24 interest to the federal treasury required under the cash management
25 improvement act fall under RCW 43.88.180 and shall not require
26 appropriation. The office of financial management shall determine the
27 amounts due to or from the federal government pursuant to the cash
28 management improvement act. The office of financial management may
29 direct transfers of funds between accounts as deemed necessary to
30 implement the provisions of the cash management improvement act, and
31 this subsection. Refunds or allocations shall occur prior to the
32 distributions of earnings set forth in subsection (4) of this
33 section.

34 (3) Except for the provisions of RCW 43.84.160, the treasury
35 income account may be utilized for the payment of purchased banking
36 services on behalf of treasury funds including, but not limited to,
37 depository, safekeeping, and disbursement functions for the state
38 treasury and affected state agencies. The treasury income account is
39 subject in all respects to chapter 43.88 RCW, but no appropriation is

1 required for payments to financial institutions. Payments shall occur
2 prior to distribution of earnings set forth in subsection (4) of this
3 section.

4 (4) Monthly, the state treasurer shall distribute the earnings
5 credited to the treasury income account. The state treasurer shall
6 credit the general fund with all the earnings credited to the
7 treasury income account except:

8 (a) The following accounts and funds shall receive their
9 proportionate share of earnings based upon each account's and fund's
10 average daily balance for the period: The abandoned recreational
11 vehicle disposal account, the aeronautics account, the aircraft
12 search and rescue account, the Alaskan Way viaduct replacement
13 project account, the brownfield redevelopment trust fund account, the
14 budget stabilization account, the capital vessel replacement account,
15 the capitol building construction account, the Cedar River channel
16 construction and operation account, the Central Washington University
17 capital projects account, the charitable, educational, penal and
18 reformatory institutions account, the Chehalis basin account, the
19 cleanup settlement account, the Columbia river basin water supply
20 development account, the Columbia river basin taxable bond water
21 supply development account, the Columbia river basin water supply
22 revenue recovery account, the common school construction fund, the
23 community forest trust account, the connecting Washington account,
24 the county arterial preservation account, the county criminal justice
25 assistance account, the deferred compensation administrative account,
26 the deferred compensation principal account, the department of
27 licensing services account, the department of licensing tuition
28 recovery trust fund, the department of retirement systems expense
29 account, the developmental disabilities community trust account, the
30 diesel idle reduction account, the drinking water assistance account,
31 the drinking water assistance administrative account, the early
32 learning facilities development account, the early learning
33 facilities revolving account, the Eastern Washington University
34 capital projects account, the Interstate 405 express toll lanes
35 operations account, the education construction fund, the education
36 legacy trust account, the election account, the electric vehicle
37 (~~charging infrastructure~~) account, the energy freedom account, the
38 energy recovery act account, the essential rail assistance account,
39 The Evergreen State College capital projects account, the federal
40 forest revolving account, the ferry bond retirement fund, the freight

1 mobility investment account, the freight mobility multimodal account,
2 the grade crossing protective fund, the public health services
3 account, the high capacity transportation account, the state higher
4 education construction account, the higher education construction
5 account, the highway bond retirement fund, the highway infrastructure
6 account, the highway safety fund, the high occupancy toll lanes
7 operations account, the hospital safety net assessment fund, the
8 industrial insurance premium refund account, the judges' retirement
9 account, the judicial retirement administrative account, the judicial
10 retirement principal account, the local leasehold excise tax account,
11 the local real estate excise tax account, the local sales and use tax
12 account, the marine resources stewardship trust account, the medical
13 aid account, the mobile home park relocation fund, the money-purchase
14 retirement savings administrative account, the money-purchase
15 retirement savings principal account, the motor vehicle fund, the
16 motorcycle safety education account, the multimodal transportation
17 account, the multiuse roadway safety account, the municipal criminal
18 justice assistance account, the natural resources deposit account,
19 the oyster reserve land account, the pension funding stabilization
20 account, the perpetual surveillance and maintenance account, the
21 pollution liability insurance agency underground storage tank
22 revolving account, the public employees' retirement system plan 1
23 account, the public employees' retirement system combined plan 2 and
24 plan 3 account, the public facilities construction loan revolving
25 account beginning July 1, 2004, the public health supplemental
26 account, the public works assistance account, the Puget Sound capital
27 construction account, the Puget Sound ferry operations account, the
28 Puget Sound taxpayer accountability account, the real estate
29 appraiser commission account, the recreational vehicle account, the
30 regional mobility grant program account, the resource management cost
31 account, the rural arterial trust account, the rural mobility grant
32 program account, the rural Washington loan fund, the sexual assault
33 prevention and response account, the site closure account, the
34 skilled nursing facility safety net trust fund, the small city
35 pavement and sidewalk account, the special category C account, the
36 special wildlife account, the state employees' insurance account, the
37 state employees' insurance reserve account, the state investment
38 board expense account, the state investment board commingled trust
39 fund accounts, the state patrol highway account, the state route
40 number 520 civil penalties account, the state route number 520

1 corridor account, the state wildlife account, the statewide tourism
2 marketing account, the student achievement council tuition recovery
3 trust fund, the supplemental pension account, the Tacoma Narrows toll
4 bridge account, the teachers' retirement system plan 1 account, the
5 teachers' retirement system combined plan 2 and plan 3 account, the
6 tobacco prevention and control account, the tobacco settlement
7 account, the toll facility bond retirement account, the
8 transportation 2003 account (nickel account), the transportation
9 equipment fund, the transportation future funding program account,
10 the transportation improvement account, the transportation
11 improvement board bond retirement account, the transportation
12 infrastructure account, the transportation partnership account, the
13 traumatic brain injury account, the tuition recovery trust fund, the
14 University of Washington bond retirement fund, the University of
15 Washington building account, the volunteer firefighters' and reserve
16 officers' relief and pension principal fund, the volunteer
17 firefighters' and reserve officers' administrative fund, the
18 Washington judicial retirement system account, the Washington law
19 enforcement officers' and firefighters' system plan 1 retirement
20 account, the Washington law enforcement officers' and firefighters'
21 system plan 2 retirement account, the Washington public safety
22 employees' plan 2 retirement account, the Washington school
23 employees' retirement system combined plan 2 and 3 account, the
24 Washington state health insurance pool account, the Washington state
25 patrol retirement account, the Washington State University building
26 account, the Washington State University bond retirement fund, the
27 water pollution control revolving administration account, the water
28 pollution control revolving fund, the Western Washington University
29 capital projects account, the Yakima integrated plan implementation
30 account, the Yakima integrated plan implementation revenue recovery
31 account, and the Yakima integrated plan implementation taxable bond
32 account. Earnings derived from investing balances of the agricultural
33 permanent fund, the normal school permanent fund, the permanent
34 common school fund, the scientific permanent fund, the state
35 university permanent fund, and the state reclamation revolving
36 account shall be allocated to their respective beneficiary accounts.

37 (b) Any state agency that has independent authority over accounts
38 or funds not statutorily required to be held in the state treasury
39 that deposits funds into a fund or account in the state treasury
40 pursuant to an agreement with the office of the state treasurer shall

1 receive its proportionate share of earnings based upon each account's
2 or fund's average daily balance for the period.

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

6 NEW SECTION. **Sec. 20.** This section is the tax preference
7 performance statement for the tax preferences contained in sections
8 21 and 22, chapter . . ., Laws of 2019 (sections 21 and 22 of this
9 act). The performance statement is only intended to be used for
10 subsequent evaluation of the tax preference. It is not intended to
11 create a private right of action by any party or be used to determine
12 eligibility for preferential tax treatment.

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

16 (2) It is the legislature's specific public policy objective to
17 increase the use of electric vessels in Washington. It is the
18 legislature's intent to establish a sales and use tax exemption on
19 certain electric vessels in order to reduce the price charged to
20 customers for electric vessels.

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

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

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

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

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

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

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

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

18 (4) For the purposes of this section:

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

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

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

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

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

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

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

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

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

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

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

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

18 To realize the environmental benefits of electrification of the
19 transportation system it is necessary to support the adoption of
20 electric vehicles and other electric technology in the state by
21 incentivizing the purchase of these vehicles, building out the
22 charging infrastructure, developing greener transit options, and
23 supporting clean alternative fuel infrastructure. Therefore, it is
24 the intent of the legislature to support these activities through the
25 imposition of new transportation electrification fees in this
26 section.

27 (1) A vehicle that both (a) uses at least one method of
28 propulsion that is capable of being reenergized by an external source
29 of electricity and (b) is capable of traveling at least thirty miles
30 using only battery power, is subject to an annual seventy-five dollar
31 transportation electrification fee to be collected by the department,
32 county auditor, or other agent or subagent appointed by the director,
33 in addition to any other fees and taxes required by law. For
34 administrative efficiencies, the transportation electrification fee
35 must be collected at the same time as vehicle registration renewals
36 and may only be collected for vehicles that are renewing an annual
37 vehicle registration.

38 (2) Beginning October 1, 2019, in lieu of the fee in subsection
39 (1) of this section for a hybrid or alternative fuel vehicle that is

1 not required to pay the fees established in RCW 46.17.323 (1) and
2 (4), the department, county auditor, or other agent or subagent
3 appointed by the director must require that the applicant for the
4 annual vehicle registration renewal of such hybrid or alternative
5 fuel vehicle pay a seventy-five dollar hybrid vehicle transportation
6 electrification fee, in addition to any other fees and taxes required
7 by law.

8 (3) The fees required under this section must be deposited in the
9 electric vehicle account created in RCW 82.44.200, until July 1,
10 2025, when the fee must be deposited in the motor vehicle account.

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

14 NEW SECTION. **Sec. 24.** Sections 1 through 7, 12, and 14 through
15 23 of this act take effect August 1, 2019.

16 NEW SECTION. **Sec. 25.** Sections 8 and 13 of this act take effect
17 January 1, 2020.

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