
SUBSTITUTE SENATE BILL 5974

State of Washington

67th Legislature

2022 Regular Session

By Senate Transportation (originally sponsored by Senators Lias, Saldaña, Carlyle, Cleveland, Das, Dhingra, Hunt, Kuderer, Lovelett, Lovick, Mullet, Nguyen, Nobles, Salomon, Trudeau, Wellman, and C. Wilson)

READ FIRST TIME 02/15/22.

1 AN ACT Relating to transportation resources; amending RCW
2 70A.65.240, 70A.65.030, 70A.65.040, 82.38.020, 82.38.030, 82.38.035,
3 82.38.180, 82.42.020, 46.17.200, 46.17.120, 46.17.400, 46.52.130,
4 46.17.015, 46.17.025, 46.20.200, 46.68.041, 46.70.180, 82.32.385,
5 82.08.993, 82.12.817, 82.08.9999, 82.12.9999, 82.04.4496, 82.16.0496,
6 82.08.816, 82.12.816, 82.70.040, 82.70.050, 82.21.030, 43.84.092,
7 43.84.092, 82.47.020, 35.21.870, 36.73.065, 82.14.0455, 70A.535.010,
8 70A.535.030, 70A.535.040, 70A.535.050, 70A.535.120, 46.63.170,
9 46.63.170, 70A.65.230, and 46.68.480; amending 2020 c 224 s 3
10 (uncodified); reenacting and amending RCW 46.20.202; adding new
11 sections to chapter 46.68 RCW; adding a new section to chapter 82.38
12 RCW; adding a new section to chapter 70A.535 RCW; adding new sections
13 to chapter 47.66 RCW; adding new sections to chapter 47.04 RCW;
14 adding a new section to chapter 47.24 RCW; adding new sections to
15 chapter 47.60 RCW; adding a new section to chapter 47.56 RCW; adding
16 a new chapter to Title 43 RCW; creating new sections; repealing RCW
17 70A.535.020; prescribing penalties; providing effective dates;
18 providing expiration dates; and declaring an emergency.

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

20 NEW SECTION. **Sec. 1.** Except as provided otherwise in this
21 section, the legislature intends to program funding from various

1 resources in this act for the activities identified in LEAP
2 Transportation Document 2022-B as developed February 14, 2022, LEAP
3 Transportation Document 2022 NL-1 as developed February 14, 2022,
4 LEAP Transportation Document 2022 NL-2 as developed February 14,
5 2022, and LEAP Transportation Document 2022 NL-3 as developed
6 February 14, 2022.

7 **Part I**

8 **Climate Commitment Act Allocations**

9 **Sec. 101.** RCW 70A.65.240 and 2021 c 316 s 27 are each amended to
10 read as follows:

11 (1) The carbon emissions reduction account is created in the
12 state treasury. Moneys in the account may be spent only after
13 appropriation. Expenditures from the account are intended to affect
14 reductions in transportation sector carbon emissions through a
15 variety of carbon reducing investments. These can include, but are
16 not limited to: Transportation alternatives to single occupancy
17 passenger vehicles; reductions in single occupancy passenger vehicle
18 miles traveled; reductions in per mile emissions in vehicles,
19 including through the funding of alternative fuel infrastructure and
20 incentive programs; and emission reduction programs for freight
21 transportation, including motor vehicles and rail, as well as for
22 ferries and other maritime and port activities. Expenditures from the
23 account may only be made for transportation carbon emission reducing
24 purposes and may not be made for highway purposes authorized under
25 the 18th Amendment of the Washington state Constitution, other than
26 specified in this section, and shall be made in accordance with
27 subsection (2) of this section. It is the legislature's intent that
28 expenditures from the account used to reduce carbon emissions be made
29 with the goal of achieving equity for communities that historically
30 have been omitted or adversely impacted by past transportation
31 policies and practices.

32 (2) Appropriations in an omnibus transportation appropriations
33 act from the carbon emissions reduction account shall be made
34 exclusively to fund the following activities:

- 35 (a) Active transportation;
36 (b) Transit programs and projects;
37 (c) Alternative fuel and electrification;
38 (d) Ferries; and

1 (e) Rail.

2 NEW SECTION. **Sec. 102.** The legislature intends to program
3 funding from the carbon emissions reduction account, the climate
4 active transportation account, and the climate transit programs
5 account for the activities identified in LEAP Transportation Document
6 2022-A as developed February 14, 2022.

7 NEW SECTION. **Sec. 103.** A new section is added to chapter 46.68
8 RCW to read as follows:

9 (1) The climate active transportation account is hereby created
10 in the state treasury. Moneys in the account may be spent only after
11 appropriation. Expenditures from the account may be used only for the
12 following active transportation grant programs: Safe routes to
13 schools, school-based bike program, bicycle and pedestrian grant
14 program, complete streets grants program, and connecting communities
15 grant program, as well as pedestrian and bicycle or other active
16 transportation projects identified in an omnibus transportation
17 appropriations act as move ahead WA projects.

18 (2) Beginning July 1, 2023, the state treasurer shall annually
19 transfer 24 percent of the revenues accruing annually to the carbon
20 emissions reduction account created in RCW 70A.65.240 to the climate
21 active transportation account.

22 NEW SECTION. **Sec. 104.** A new section is added to chapter 46.68
23 RCW to read as follows:

24 (1) The climate transit programs account is hereby created in the
25 state treasury. Moneys in the account may be spent only after
26 appropriation. Expenditures from the account may be used only for the
27 following transit grant programs: Transit support grant program,
28 tribal transit mobility grants, transit coordination grants, special
29 needs transit grants, bus and bus facility grant program, green
30 transit grants, and transportation demand management grants, as well
31 as transit projects identified in an omnibus transportation
32 appropriations act as move ahead WA projects.

33 (2) Beginning July 1, 2023, the state treasurer shall annually
34 transfer 56 percent of the revenues accruing annually to the carbon
35 emissions reduction account created in RCW 70A.65.240 to the climate
36 transit programs account.

1 **Sec. 105.** RCW 70A.65.030 and 2021 c 316 s 4 are each amended to
2 read as follows:

3 (1) Each year or biennium, as appropriate, when allocating funds
4 from the carbon emissions reduction account created in RCW
5 70A.65.240, the climate investment account created in RCW 70A.65.250,
6 ~~((~~o~~))~~ the air quality and health disparities improvement account
7 created in RCW 70A.65.280, the climate transit programs account
8 created in section 104 of this act, or the climate active
9 transportation account created in section 103 of this act, or
10 administering grants or programs funded by the accounts, agencies
11 shall conduct an environmental justice assessment consistent with the
12 requirements of RCW 70A.02.060 and establish a minimum of not less
13 than 35 percent and a goal of 40 percent of total investments that
14 provide direct and meaningful benefits to vulnerable populations
15 within the boundaries of overburdened communities through: (a) The
16 direct reduction of environmental burdens in overburdened
17 communities; (b) the reduction of disproportionate, cumulative risk
18 from environmental burdens, including those associated with climate
19 change; (c) the support of community led project development,
20 planning, and participation costs; or (d) meeting a community need
21 identified by the community that is consistent with the intent of
22 this chapter or RCW 70A.02.010.

23 (2) The allocation of funding under subsection (1) of this
24 section must adhere to the following principles, additional to the
25 requirements of RCW 70A.02.080: (a) Benefits and programs should be
26 directed to areas and targeted to vulnerable populations and
27 overburdened communities to reduce statewide disparities; (b)
28 investments and benefits should be made roughly proportional to the
29 health disparities that a specific community experiences, with a goal
30 of eliminating the disparities; (c) investments and programs should
31 focus on creating environmental benefits, including eliminating
32 health burdens, creating community and population resilience, and
33 raising the quality of life of those in the community; and (d)
34 efforts should be made to balance investments and benefits across the
35 state and within counties, local jurisdictions, and unincorporated
36 areas as appropriate to reduce disparities by location and to ensure
37 efforts contribute to a reduction in disparities that exist based on
38 race or ethnicity, socioeconomic status, or other factors.

39 (3) State agencies allocating funds or administering grants or
40 programs from the carbon emissions reduction account created in RCW

1 70A.65.240, the climate investment account created in RCW 70A.65.250,
2 ((~~or~~)) the air quality and health disparities improvement account
3 created in RCW 70A.65.280, the climate transit programs account
4 created in section 104 of this act, or the climate active
5 transportation account created in section 103 of this act, must:

6 (a) Report annually to the environmental justice council created
7 in RCW 70A.02.110 regarding progress toward meeting environmental
8 justice and environmental health goals;

9 (b) Consider recommendations by the environmental justice
10 council; and

11 (c)(i) If the agency is not a covered agency subject to the
12 requirements of chapter 314, Laws of 2021, create and adopt a
13 community engagement plan to describe how it will engage with
14 overburdened communities and vulnerable populations in allocating
15 funds or administering grants or programs from the climate investment
16 account.

17 (ii) The plan must include methods for outreach and communication
18 with those who face barriers, language or otherwise, to
19 participation.

20 **Sec. 106.** RCW 70A.65.040 and 2021 c 316 s 5 are each amended to
21 read as follows:

22 (1) The environmental justice council created in RCW 70A.02.110
23 must provide recommendations to the legislature, agencies, and the
24 governor in the development and implementation of the program
25 established in RCW 70A.65.060 through 70A.65.210, and the programs
26 funded from the carbon emissions reduction account created in RCW
27 70A.65.240 ((~~and from~~)), the climate investment account created in
28 RCW 70A.65.250, the climate transit programs account created in
29 section 104 of this act, and the climate active transportation
30 account created in section 103 of this act.

31 (2) In addition to the duties and authorities granted in chapter
32 70A.02 RCW to the environmental justice council, the environmental
33 justice council must:

34 (a) Provide recommendations to the legislature, agencies, and the
35 governor in the development of:

36 (i) The program established in RCW 70A.65.060 through 70A.65.210
37 including, but not limited to, linkage with other jurisdictions,
38 protocols for establishing offset projects and securing offset
39 credits, designation of emissions-intensive and trade-exposed

1 industries under RCW 70A.65.110, and administration of allowances
2 under the program; and

3 (ii) Investment plans and funding proposals for the programs
4 funded from the climate investment account created in RCW 70A.65.250
5 for the purpose of providing environmental benefits and reducing
6 environmental health disparities within overburdened communities;

7 (b) Provide a forum to analyze policies adopted under this
8 chapter to determine if the policies lead to improvements within
9 overburdened communities;

10 (c) Recommend procedures and criteria for evaluating programs,
11 activities, or projects;

12 (d) Recommend copollutant emissions reduction goals in
13 overburdened communities;

14 (e) Evaluate the level of funding provided to assist vulnerable
15 populations, low-income individuals, and impacted workers and the
16 funding of projects and activities located within or benefiting
17 overburdened communities;

18 (f) Recommend environmental justice and environmental health
19 goals for programs, activities, and projects funded from the climate
20 investment account, and review agency annual reports on outcomes and
21 progress toward meeting these goals;

22 (g) Provide recommendations to implementing agencies for
23 meaningful consultation with vulnerable populations, including
24 community engagement plans under RCW 70A.65.020 and 70A.65.030; and

25 (h) Recommend how to support public participation through
26 capacity grants for participation.

27 (3) For the purpose of performing the duties under subsection (2)
28 of this section, two additional tribal members are added to the
29 council.

30 **Part II**
31 **Exported Fuel Tax, Aircraft Fuel Tax, Stolen Vehicle Check, Dealer**
32 **Temporary Permit, Enhanced Driver's License and Identocard, Driver's**
33 **Abstract, License Plate, Documentary Service, and Other**
34 **Driver and Vehicle Fees**

35 NEW SECTION. **Sec. 201.** FINDINGS AND INTENT. (1) The legislature
36 finds that a portion of the state's greenhouse gas emissions are
37 directly related to petroleum fuel products produced by the state's
38 five refineries that are exported to other states and jurisdictions.

1 These carbon emissions have a real impact on the citizens of the
2 state of Washington and these impacts are not adequately compensated
3 for under the existing taxing structures.

4 (2) The legislature further finds that carbon emissions directly
5 attributable to just the refining process associated with petroleum
6 fuel products that are subsequently exported has been estimated at
7 3,300,000 metric tons per year.

8 (3) The legislature further finds that the costs associated with
9 carbon emissions are global in nature and the impacts associated with
10 carbon emissions are not simply felt by those within a state's
11 geographic boundary. However, applying a standard societal costs of
12 carbon method results in estimated annual impacts over \$250,000,000
13 associated with the current amount of exported petroleum fuel
14 products.

15 (4) Therefore, the legislature intends to modify state fuel tax
16 law in a manner that compensates the state for a portion of the
17 societal costs of carbon attributable to the refining process
18 associated with petroleum fuel products that are subsequently
19 exported, but also ensures that the current favorable tax treatment
20 for petroleum fuel products that are exported continues.

21 **Sec. 202.** RCW 82.38.020 and 2013 c 225 s 102 are each amended to
22 read as follows:

23 The definitions in this section apply throughout this chapter
24 unless the context clearly requires otherwise.

25 (1) "Blended fuel" means a mixture of fuel and another liquid,
26 other than a de minimis amount of the liquid.

27 (2) "Blender" means a person who produces blended fuel outside
28 the bulk transfer-terminal system.

29 (3) "Bond" means a bond duly executed with a corporate surety
30 qualified under chapter 48.28 RCW payable to the state of Washington
31 conditioned upon faithful performance of all requirements of this
32 chapter.

33 (4) "Bulk transfer-terminal system" means the fuel distribution
34 system consisting of refineries, pipelines, vessels, and terminals.
35 Fuel in a refinery, pipeline, vessel, or terminal is in the bulk
36 transfer-terminal system.

37 (5) "Bulk transfer" means a transfer of fuel by pipeline or
38 vessel.

1 (6) "Bulk storage" means the placing of fuel into a receptacle
2 other than the fuel supply tank of a motor vehicle.

3 (7) "Department" means the department of licensing.

4 (8) "Distributor" means a person who acquires fuel outside the
5 bulk transfer-terminal system for importation into Washington, from a
6 terminal or refinery rack located within Washington for distribution
7 within Washington, or for immediate export outside the state of
8 Washington.

9 (9) "Dyed special fuel user" means a person authorized by the
10 internal revenue code to operate a motor vehicle on the highway using
11 dyed special fuel, in which the use is not exempt from the fuel tax.

12 (10) "Evasion" or "evade" means to diminish or avoid the
13 computation, assessment, or payment of authorized taxes or fees
14 through:

15 (a) A knowing: False statement; omission; misrepresentation of
16 fact; or other act of deception;

17 (b) An intentional: Failure to file a return or report; or other
18 act of deception; or

19 (c) The unlawful use of dyed special fuel.

20 (11) "Exempt sale" means the sale of fuel to a person whose use
21 of fuel is exempt from the fuel tax.

22 (12) "Export" means to obtain fuel in this state for sales or
23 distribution outside the state. Fuel distributed to a federally
24 recognized Indian tribal reservation located within the state of
25 Washington is not considered exported outside this state.

26 (13) "Exporter" means a person who purchases fuel physically
27 located in this state at the time of purchase and directly exports
28 the fuel by a means other than the bulk transfer-terminal system to a
29 destination outside of the state. If the exporter of record is acting
30 as an agent, the person for whom the agent is acting is the exporter.
31 If there is no exporter of record, the owner of the fuel at the time
32 of exportation is the exporter.

33 (14) "Fuel" means motor vehicle fuel or special fuel.

34 (15) "Fuel user" means a person engaged in uses of fuel that are
35 not specifically exempted from the fuel tax imposed under this
36 chapter.

37 (16) "Highway" means every way or place open to the use of the
38 public, as a matter of right, for the purpose of vehicular travel.

39 (17) "Import" means to bring fuel into this state by a means of
40 conveyance other than the fuel supply tank of a motor vehicle.

1 (18) "Importer" means a person who imports fuel into the state by
2 a means other than the bulk transfer-terminal system. If the importer
3 of record is acting as an agent, the person for whom the agent is
4 acting is the importer. If there is no importer of record, the owner
5 of the fuel at the time of importation is the importer.

6 (19) "International fuel tax agreement licensee" means a fuel
7 user operating qualified motor vehicles in interstate commerce and
8 licensed by the department under the international fuel tax
9 agreement.

10 (20) "Licensee" means a person holding a license issued under
11 this chapter.

12 (21) "Motor vehicle" means a self-propelled vehicle utilizing
13 fuel as a means of propulsion.

14 (22) "Motor vehicle fuel" means gasoline and any other
15 inflammable gas or liquid, by whatsoever name the gasoline, gas, or
16 liquid may be known or sold the chief use of which is as a fuel for
17 the propulsion of motor vehicles or vessels.

18 (23) "Natural gas" means naturally occurring mixtures of
19 hydrocarbon gases and vapors consisting principally of methane,
20 whether in gaseous or liquid form.

21 (24) "Person" means any individual, partnership, association,
22 public or private corporation, limited liability company, or any
23 other type of legal or commercial entity, including their members,
24 managers, partners, directors, or officers.

25 (25) "Position holder" means a person who holds the inventory
26 position in fuel, as reflected by the records of the terminal
27 operator. A person holds the inventory position if the person has a
28 contractual agreement with the terminal for the use of storage
29 facilities and terminating services. "Position holder" includes a
30 terminal operator that owns fuel in their terminal.

31 (26) "Rack" means a mechanism for delivering fuel from a refinery
32 or terminal into a truck, trailer, railcar, or other means of nonbulk
33 transfer.

34 (27) "Refiner" means a person who owns, operates, or otherwise
35 controls a refinery.

36 (28) "Removal" means a physical transfer of fuel other than by
37 evaporation, loss, or destruction.

38 (29) "Special fuel" means diesel fuel, propane, natural gas,
39 kerosene, biodiesel, and any other combustible liquid or gas by
40 whatever name the liquid or gas may be known or sold for the

1 generation of power to propel a motor vehicle on the highways, except
2 it does not include motor vehicle fuel.

3 (30) "Supplier" means a person who holds a federal certificate of
4 registry issued under the internal revenue code and authorizes the
5 person to engage in tax-free transactions of fuel in the bulk
6 transfer-terminal system.

7 (31) "Terminal" means a fuel storage and distribution facility
8 that has been assigned a terminal control number by the internal
9 revenue service.

10 (32) "Terminal operator" means a person who owns, operates, or
11 otherwise controls a terminal.

12 (33) "Two-party exchange" or "buy-sell agreement" means a
13 transaction in which taxable fuel is transferred from one licensed
14 supplier to another licensed supplier whereby the supplier that is
15 the position holder agrees to deliver taxable fuel to the other
16 supplier or the other supplier's customer at the terminal at which
17 the delivering supplier is the position holder.

18 (34) "United States" means a state of the United States, the
19 District of Columbia, the Commonwealth of Puerto Rico, or a territory
20 or insular possession subject to the jurisdiction of the United
21 States. "United States" also includes all federally recognized tribal
22 reservations and federal trust lands within the geographic boundaries
23 of the United States as they exist now or in the future.

24 **Sec. 203.** RCW 82.38.030 and 2015 3rd sp.s. c 44 s 103 are each
25 amended to read as follows:

26 (1) There is levied and imposed upon fuel licensees a tax at the
27 rate of (~~twenty-three~~) 23 cents per gallon of fuel.

28 (2) Beginning July 1, 2003, an additional and cumulative tax rate
29 of five cents per gallon of fuel is imposed on fuel licensees. This
30 subsection (2) expires when the bonds issued for transportation 2003
31 projects are retired.

32 (3) Beginning July 1, 2005, an additional and cumulative tax rate
33 of three cents per gallon of fuel is imposed on fuel licensees.

34 (4) Beginning July 1, 2006, an additional and cumulative tax rate
35 of three cents per gallon of fuel is imposed on fuel licensees.

36 (5) Beginning July 1, 2007, an additional and cumulative tax rate
37 of two cents per gallon of fuel is imposed on fuel licensees.

1 (6) Beginning July 1, 2008, an additional and cumulative tax rate
2 of one and one-half cents per gallon of fuel is imposed on fuel
3 licensees.

4 (7) Beginning August 1, 2015, an additional and cumulative tax
5 rate of seven cents per gallon of fuel is imposed on fuel licensees.

6 (8) Beginning July 1, 2016, an additional and cumulative tax rate
7 of four and nine-tenths cents per gallon of fuel is imposed on fuel
8 licensees.

9 (9) Taxes are imposed when:

10 (a) Fuel is removed in this state from a terminal (~~if the fuel~~
11 ~~is removed at the rack~~) unless the removal is by a licensed supplier
12 or distributor for direct delivery to a destination outside of the
13 ((state)) United States, or the removal is by a fuel supplier for
14 direct delivery to an international fuel tax agreement licensee under
15 RCW 82.38.320;

16 (b) Fuel is removed in this state from a refinery if either of
17 the following applies:

18 (i) The removal is by bulk transfer and the refiner or the owner
19 of the fuel immediately before the removal is not a licensed
20 supplier; or

21 (ii) The removal is at the refinery rack or by bulk transfer
22 unless the removal is to a licensed supplier or distributor for
23 direct delivery to a destination outside of the ((state)) United
24 States, or the removal is to a licensed supplier for direct delivery
25 to an international fuel tax agreement licensee under RCW 82.38.320;

26 (c) Fuel enters into this state for sale, consumption, use, or
27 storage, unless the fuel enters this state for direct delivery to an
28 international fuel tax agreement licensee under RCW 82.38.320, if
29 either of the following applies:

30 (i) The entry is by bulk transfer and the importer is not a
31 licensed supplier; or

32 (ii) The entry is not by bulk transfer;

33 (d) Fuel enters this state by means outside the bulk transfer-
34 terminal system and is delivered directly to a licensed terminal
35 unless the owner is a licensed distributor or supplier;

36 (e) Fuel is sold or removed in this state to an unlicensed entity
37 unless there was a prior taxable removal, entry, or sale of the fuel;

38 (f) Blended fuel is removed or sold in this state by the blender
39 of the fuel. The number of gallons of blended fuel subject to tax is
40 the difference between the total number of gallons of blended fuel

1 removed or sold and the number of gallons of previously taxed fuel
2 used to produce the blended fuel;

3 (g) Dyed special fuel is used on a highway, as authorized by the
4 internal revenue code, unless the use is exempt from the fuel tax;

5 (h) Dyed special fuel is held for sale, sold, used, or is
6 intended to be used in violation of this chapter;

7 (i) Special fuel purchased by an international fuel tax agreement
8 licensee under RCW 82.38.320 is used on a highway; and

9 (j) Fuel is sold by a licensed fuel supplier to a fuel
10 distributor or fuel blender and the fuel is not removed from the bulk
11 transfer-terminal system.

12 **Sec. 204.** RCW 82.38.035 and 2013 c 225 s 105 are each amended to
13 read as follows:

14 (1) A licensed supplier is liable for and must pay tax on fuel as
15 provided in RCW 82.38.030(~~((7))~~) (9) (a) and (i). On a two-party
16 exchange, or buy-sell agreement between two licensed suppliers, the
17 receiving exchange partner or buyer shall be liable for and pay the
18 tax.

19 (2) A refiner is liable for and must pay tax on fuel removed from
20 a refinery as provided in RCW 82.38.030(~~((7))~~) (9)(b).

21 (3) A licensed distributor is liable for and must pay tax on fuel
22 as provided in RCW 82.38.030(~~((7))~~) (9)(c).

23 (4) A licensed blender is liable for and must pay tax on fuel as
24 provided in RCW 82.38.030(~~((7))~~) (9)(f).

25 (5) A licensed dyed special fuel user is liable for and must pay
26 tax on fuel as provided in RCW 82.38.030(~~((7))~~) (9)(g).

27 (6) A terminal operator is jointly and severally liable for and
28 must pay tax on fuel if, at the time of removal:

29 (a) The position holder of the fuel is a person other than the
30 terminal operator and is not a licensee;

31 (b) The terminal operator is not a licensee;

32 (c) The position holder has an expired internal revenue
33 notification certificate;

34 (d) The terminal operator has reason to believe that information
35 on the internal revenue notification certificate is false.

36 (7) A terminal operator is jointly and severally liable for and
37 must pay tax on special fuel if the special fuel is removed and is
38 not dyed or marked in accordance with internal revenue service
39 requirements, and the terminal operator provides a person with a bill

1 of lading, shipping paper, or similar document indicating the special
2 fuel is dyed or marked in accordance with internal revenue service
3 requirements.

4 (8) International fuel tax agreement licensees, or persons
5 operating motor vehicles under other reciprocity agreements entered
6 into with the state of Washington, are liable for and must pay tax on
7 fuel used to operate motor vehicles on state highways.

8 (9) Dyed special fuel users are liable for and must pay tax on
9 dyed special fuel used on state highways unless the use of the fuel
10 is exempt from the tax.

11 (10) The department shall adopt rules under RCW 82.38.260 to
12 ensure compliance with this chapter with respect to fuel exported
13 from the state, including necessary audits and data reporting
14 requirements.

15 NEW SECTION. Sec. 205. A new section is added to chapter 82.38
16 RCW to read as follows:

17 (1) In computing the tax imposed under this chapter, a credit is
18 allowed for fuel exported from the state. Except as provided in
19 subsection (2) of this section, the credit is equal to the number of
20 gallons of fuel exported multiplied by the total rate of tax imposed
21 under this chapter, less six cents per gallon. Fuel distributed to a
22 federally recognized Indian tribal reservation located within the
23 state of Washington is not considered exported from this state.

24 (2) If the total rate of a comparable fuel tax imposed by the
25 importing state exceeds the total rate of tax imposed under this
26 chapter less six cents per gallon, the credit is equal to the number
27 of gallons of fuel exported multiplied by the total rate of tax
28 imposed by the importing state.

29 (3) The amount of credit earned under this section may not exceed
30 the tax otherwise due under this chapter with respect to the fuel
31 exported.

32 (4) The department may adopt rules under chapter 34.05 RCW
33 regarding the administration of the credit under this section.

34 **Sec. 206.** RCW 82.38.180 and 2013 c 225 s 119 are each amended to
35 read as follows:

36 (1) Any person who has purchased fuel on which tax has been paid
37 may file a claim with the department for a refund of the tax for:

1 (a) Fuel used for purposes other than for the propulsion of motor
2 vehicles upon the public highways in this state. However, a refund
3 may not be made under this subsection (1)(a) for motor vehicle fuel
4 consumed by a motor vehicle required to be registered under chapter
5 46.16A RCW or under a comparable motor vehicle registration
6 requirement in an importing state.

7 (b) Fuel exported for use outside of (~~this state~~) the United
8 States. Fuel carried from this state outside of the United States in
9 the fuel tank of a motor vehicle is deemed to be exported from this
10 state under this subsection (1)(b). Fuel distributed to a federally
11 recognized Indian tribal reservation located within the state of
12 Washington is not considered exported outside (~~this state~~) of the
13 United States.

14 (c) Tax, penalty, or interest erroneously or illegally collected
15 or paid.

16 (d) Fuel which is lost or destroyed, while the licensee is the
17 owner thereof, through fire, lightning, flood, windstorm, or
18 explosion.

19 (e) Fuel of (~~five hundred~~) 500 gallons or more which is lost or
20 destroyed while the licensee is the owner thereof, through leakage or
21 other casualty except evaporation, shrinkage, or unknown causes.

22 (f) Fuel used in power pumping units or other power take-off
23 equipment of any motor vehicle which is accurately measured by
24 metering devices that have been specifically approved by the
25 department or by a formula determined by the department.

26 (2) Any person who has purchased special fuel on which tax has
27 been paid may file a claim with the department for a refund of tax
28 for:

29 (a) Special fuel used for the operation of a motor vehicle as a
30 part of or incidental to logging operations upon a highway under
31 federal jurisdiction within the boundaries of a federal area if the
32 federal government requires a fee for the privilege of operating the
33 motor vehicle upon the highway, the proceeds of which are reserved
34 for constructing or maintaining roads in the federal area, or
35 requires maintenance or construction work to be performed on the
36 highway for the privilege of operating the motor vehicle on the
37 highway;

38 (b) Special fuel used by special mobile equipment as defined in
39 RCW 46.04.552;

1 (c) Special fuel used in a motor vehicle for movement between two
2 pieces of private property wherein the movement is incidental to the
3 primary use of the vehicle; and

4 (d) Special fuel inadvertently mixed with dyed special fuel.

5 (3) Any person who has purchased motor vehicle fuel on which tax
6 has been paid may file a claim with the department for a refund of
7 tax for:

8 (a) Motor vehicle fuel used by a private, nonprofit
9 transportation provider regulated under chapter 81.66 RCW or under a
10 comparable regulation in an importing state to provide transportation
11 services for persons with special transportation needs; and

12 (b) Motor vehicle fuel used by an urban passenger transportation
13 system. For purposes of this subsection "urban passenger
14 transportation system" means every transportation system, publicly or
15 privately owned, having as its principal source of revenue the income
16 from transporting persons for compensation by means of motor vehicles
17 or trackless trolleys, each having a seating capacity of over
18 (~~fifteen~~) 15 persons, over prescribed routes in such a manner that
19 the routes of such motor vehicles or trackless trolleys, either alone
20 or in conjunction with routes of other such motor vehicles or
21 trackless trolleys subject to the routing by the same transportation
22 system, do not extend for a distance exceeding (~~fifteen~~) 15 road
23 miles beyond the corporate limits of the city in which the original
24 starting points of such motor vehicles or trackless trolleys are
25 located. No refunds are authorized for fuel used on any trip where
26 any portion of the trip is more than (~~fifteen~~) 15 road miles beyond
27 the corporate limits of the city in which the trip originated.

28 (4) Recovery for such loss or destruction under subsections
29 (1)(d) or (e) or (2)(d) of this section must be susceptible to
30 positive proof thereby enabling the department to conduct such
31 investigation and require such information as it may deem necessary.
32 In the event that the department is not satisfied that the fuel was
33 lost, destroyed, or contaminated as claimed because information or
34 proof as required hereunder is not sufficient to substantiate the
35 accuracy of the claim, it may deem such as sufficient cause to deny
36 all right relating to the refund or credit for the excise tax paid on
37 fuel alleged to be lost or destroyed.

38 (5) No refund or claim for credit may be approved by the
39 department unless the gallons of fuel claimed as nontaxable satisfy
40 the conditions specifically set forth in this section and the

1 nontaxable event or use occurred during the period covered by the
2 refund claim. Refunds or claims for credit are not (~~be~~ ~~are not~~)
3 allowed for anticipated nontaxable use or events.

4 (6) The department shall establish, by rule, minimum acceptable
5 requirements and conditions on refunds subject to the authority in
6 this section.

7 **Sec. 207.** RCW 82.42.020 and 2013 c 225 s 302 are each amended to
8 read as follows:

9 There is levied upon every distributor of aircraft fuel, an
10 excise tax at the rate of (~~eleven~~) 18 cents on each gallon of
11 aircraft fuel sold, delivered, or used in this state. There must be
12 collected from every user of aircraft fuel either the use tax imposed
13 by RCW 82.12.020 or the retail sales tax imposed by RCW 82.08.020.
14 The taxes imposed by this chapter must be collected and paid to the
15 state but once in respect to any aircraft fuel.

16 **Sec. 208.** RCW 46.17.200 and 2014 c 80 s 4 are each amended to
17 read as follows:

18 (1) In addition to all other fees and taxes required by law, the
19 department, county auditor or other agent, or subagent appointed by
20 the director shall charge:

21 (a) The following license plate fees for each license plate,
22 unless the owner or type of vehicle is exempt from payment:

FEE TYPE	FEE	DISTRIBUTION
Original issue	(\$ 10.00) <u>\$50.00</u>	RCW 46.68.070
Reflectivity	\$ 2.00	RCW 46.68.070
Replacement	(\$ 10.00) <u>\$30.00</u>	RCW 46.68.070
Original issue, motorcycle	(\$ 4.00) <u>\$20.00</u>	RCW 46.68.070
Replacement, motorcycle	(\$ 4.00) <u>\$12.00</u>	RCW 46.68.070
Original issue, moped	\$ 1.50	RCW 46.68.070

1 (b) A license plate retention fee, as required under RCW
2 46.16A.200(9)(a), of (~~twenty dollars~~) \$20 if the owner wishes to
3 retain the current license plate number upon license plate
4 replacement, unless the owner or type of vehicle is exempt from
5 payment. The (~~twenty dollar~~) \$20 fee must be deposited in the
6 multimodal transportation account created in RCW 47.66.070.

7 (c) A (~~ten dollar~~) \$10 license plate transfer fee, as required
8 under RCW 46.16A.200(8)(a), when transferring standard issue license
9 plates from one vehicle to another, unless the owner or type of
10 vehicle is exempt from payment. The (~~ten dollar~~) \$10 license plate
11 transfer fee must be deposited in the motor vehicle fund created in
12 RCW 46.68.070.

13 (d) Former prisoner of war license plates, as described in RCW
14 46.18.235, may be transferred to a replacement vehicle upon payment
15 of a (~~five dollar~~) \$5 license plate fee, in addition to any other
16 fee required by law.

17 (2) The department may, upon request, provide license plates that
18 have been used and returned to the department to individuals for
19 nonvehicular use. The department may charge a fee of up to (~~five~~
20 ~~dollars~~) \$5 per license plate to cover costs or recovery for postage
21 and handling. The department may waive the fee for license plates
22 used in educational projects and may, by rule, provide standards for
23 the fee waiver and restrictions on the number of license plates
24 provided to any one person. The fee must be deposited in the motor
25 vehicle fund created in RCW 46.68.070.

26 (3) \$40 of the original issue license plate fee imposed under
27 subsection (1)(a) of this section and \$16 of the original issue
28 motorcycle license plate fee imposed under subsection (1)(a) of this
29 section must be deposited in the move ahead WA account created in
30 section 401 of this act.

31 (4) \$20 of the replacement license plate fee imposed under
32 subsection (1)(a) of this section and \$8 of the replacement
33 motorcycle license plate fee imposed under subsection (1)(a) of this
34 section must be deposited in the move ahead WA account created in
35 section 401 of this act.

36 **Sec. 209.** RCW 46.17.120 and 2020 c 239 s 1 are each amended to
37 read as follows:

1 (1) Before accepting an application for a certificate of title
2 for a vehicle previously registered in any other state or country,
3 the department, county auditor or other agent, or subagent appointed
4 by the director shall require the applicant to pay a fee of (~~fifteen~~
5 ~~dollars~~) \$50. (~~The fifteen dollar fee~~)

6 (a) \$15 of the fee required by this section must be distributed
7 under RCW 46.68.020.

8 (b) \$35 of the fee required by this section must be deposited in
9 the move ahead WA account created in section 401 of this act.

10 (2) An applicant is exempt from the (~~fifteen dollar~~) \$50 fee if
11 the applicant previously registered the vehicle in Washington state
12 and maintained ownership of the vehicle while registered in another
13 state or country.

14 **Sec. 210.** RCW 46.17.400 and 2011 c 171 s 62 are each amended to
15 read as follows:

16 (1) Before accepting an application for one of the following
17 permits, the department, county auditor or other agent, or subagent
18 appointed by the director shall require the applicant to pay the
19 following permit fee by permit type in addition to any other fee or
20 tax required by law:

PERMIT TYPE	FEE	AUTHORITY	DISTRIBUTION
(a) Dealer temporary	(\$ 15.00) <u>\$40.00</u>	RCW 46.16A.300	RCW 46.68.030
(b) Department temporary	\$.50	RCW 46.16A.305	RCW 46.68.450
(c) Farm vehicle trip	\$ 6.25	RCW 46.16A.330	RCW 46.68.035
(d) Nonresident military	\$ 10.00	RCW 46.16A.340	RCW 46.68.070
(e) Nonresident temporary snowmobile	\$ 5.00	RCW 46.10.450	RCW 46.68.350
(f) Special fuel trip	\$ 30.00	RCW 82.38.100	RCW 46.68.460
(g) Temporary ORV use	\$ 7.00	RCW 46.09.430	RCW 46.68.045
(h) Vehicle trip	\$ 25.00	RCW 46.16A.320	RCW 46.68.455

1 (2) Permit fees as provided in subsection (1) of this section are
2 in addition to the filing fee required under RCW 46.17.005, except an
3 additional filing fee may not be charged for:

- 4 (a) Dealer temporary permits;
- 5 (b) Special fuel trip permits; and
- 6 (c) Vehicle trip permits.

7 (3) (~~Five dollars~~) \$5 of the (~~fifteen dollar~~) \$40 dealer
8 temporary permit fee provided in subsection (1)(a) of this section
9 must be credited to the payment of vehicle license fees at the time
10 application for registration is made. \$25 of the \$40 dealer temporary
11 permit fee provided in subsection (1)(a) of this section must be
12 deposited in the move ahead WA account created in section 401 of this
13 act. The remainder must be deposited to the state patrol highway
14 account created in RCW 46.68.030.

15 **Sec. 211.** RCW 46.20.202 and 2021 c 317 s 21 and 2021 c 158 s 9
16 are each reenacted and amended to read as follows:

17 (1) The department may enter into a memorandum of understanding
18 with any federal agency for the purposes of facilitating the crossing
19 of the border between the state of Washington and the Canadian
20 province of British Columbia.

21 (2) The department may enter into an agreement with the Canadian
22 province of British Columbia for the purposes of implementing a
23 border-crossing initiative.

24 (3)(a) The department may issue an enhanced driver's license or
25 identicard for the purposes of crossing the border between the state
26 of Washington and the Canadian province of British Columbia to an
27 applicant who provides the department with proof of: United States
28 citizenship, identity, and state residency. The department shall
29 continue to offer a standard driver's license and identicard. If the
30 department chooses to issue an enhanced driver's license, the
31 department must allow each applicant to choose between a standard
32 driver's license or identicard, or an enhanced driver's license or
33 identicard.

34 (b) The department shall implement a one-to-many biometric
35 matching system for the enhanced driver's license or identicard. An
36 applicant for an enhanced driver's license or identicard shall submit
37 a biometric identifier as designated by the department. The biometric
38 identifier must be used solely for the purpose of verifying the

1 identity of the holders and for any purpose set out in RCW 46.20.037.
2 Applicants are required to sign a declaration acknowledging their
3 understanding of the one-to-many biometric match.

4 (c) The enhanced driver's license or identicard must include
5 reasonable security measures to protect the privacy of Washington
6 state residents, including reasonable safeguards to protect against
7 unauthorized disclosure of data about Washington state residents. If
8 the enhanced driver's license or identicard includes a radio
9 frequency identification chip, or similar technology, the department
10 shall ensure that the technology is encrypted or otherwise secure
11 from unauthorized data access.

12 (d) The requirements of this subsection are in addition to the
13 requirements otherwise imposed on applicants for a driver's license
14 or identicard. The department shall adopt such rules as necessary to
15 meet the requirements of this subsection. From time to time the
16 department shall review technological innovations related to the
17 security of identity cards and amend the rules related to enhanced
18 driver's licenses and identicards as the director deems consistent
19 with this section and appropriate to protect the privacy of
20 Washington state residents.

21 (e) Notwithstanding RCW 46.20.118, the department may make images
22 associated with enhanced drivers' licenses or identicards from the
23 negative file available to United States customs and border agents
24 for the purposes of verifying identity.

25 (4) Beginning (~~on July 23, 2017~~) October 1, 2022, the fee for
26 an enhanced driver's license or enhanced identicard is (~~thirty-two~~
27 ~~dollars~~) \$56, which is in addition to the fees for any regular
28 driver's license or identicard. If the enhanced driver's license or
29 enhanced identicard is issued, renewed, or extended for a period
30 other than eight years, the fee for each class is (~~four dollars~~) \$7
31 for each year that the enhanced driver's license or enhanced
32 identicard is issued, renewed, or extended.

33 (5) (a) The first \$4 per year of issuance, to a maximum of \$32 of
34 the enhanced driver's license and enhanced identicard fee under this
35 section must be deposited into the highway safety fund unless prior
36 to July 1, 2023, the actions described in (a) (i) or (~~(b)~~) (ii) of
37 this subsection occur, in which case the portion of the revenue that
38 is the result of the fee increased in section 209, chapter 44, Laws
39 of 2015 3rd sp. sess. must be distributed to the connecting
40 Washington account created under RCW 46.68.395.

1 ~~((a))~~ (i) Any state agency files a notice of rule making under
2 chapter 34.05 RCW, absent explicit legislative authorization enacted
3 subsequent to July 1, 2015, for a rule regarding a fuel standard
4 based upon or defined by the carbon intensity of fuel, including a
5 low carbon fuel standard or clean fuel standard.

6 ~~((b))~~ (ii) Any state agency otherwise enacts, adopts, orders,
7 or in any way implements a fuel standard based upon or defined by the
8 carbon intensity of fuel, including a low carbon fuel standard or
9 clean fuel standard, without explicit legislative authorization
10 enacted subsequent to July 1, 2015.

11 ~~((c))~~ (iii) Nothing in this subsection acknowledges,
12 establishes, or creates legal authority for the department of ecology
13 or any other state agency to enact, adopt, order, or in any way
14 implement a fuel standard based upon or defined by the carbon
15 intensity of fuel, including a low carbon fuel standard or clean fuel
16 standard.

17 (b) \$24 of the enhanced driver's license and enhanced identicard
18 fee under this section must be deposited into the move ahead WA
19 flexible account created in section 402 of this act. If the enhanced
20 driver's license or enhanced identicard is issued, renewed, or
21 extended for a period other than eight years, the amount deposited
22 into the move ahead WA flexible account created in section 402 of
23 this act is \$3 for each year that the enhanced driver's license or
24 enhanced identicard is issued, renewed, or extended.

25 **Sec. 212.** RCW 46.52.130 and 2021 c 93 s 8 are each amended to
26 read as follows:

27 Upon a proper request, the department may only furnish
28 information contained in an abstract of a person's driving record as
29 permitted under this section.

30 (1) **Contents of abstract of driving record.** An abstract of a
31 person's driving record, whenever possible, must include:

32 (a) An enumeration of motor vehicle accidents in which the person
33 was driving, including:

34 (i) The total number of vehicles involved;

35 (ii) Whether the vehicles were legally parked or moving;

36 (iii) Whether the vehicles were occupied at the time of the
37 accident; and

38 (iv) Whether the accident resulted in a fatality;

1 (b) Any reported convictions, forfeitures of bail, or findings
2 that an infraction was committed based upon a violation of any motor
3 vehicle law;

4 (c) The status of the person's driving privilege in this state;
5 and

6 (d) Any reports of failure to appear in response to a traffic
7 citation or failure to respond to a notice of infraction served upon
8 the named individual by an arresting officer.

9 (2) **Release of abstract of driving record.** Unless otherwise
10 required in this section, the release of an abstract does not require
11 a signed statement by the subject of the abstract. An abstract of a
12 person's driving record may be furnished to the following persons or
13 entities:

14 (a) **Named individuals.** (i) An abstract of the full driving record
15 maintained by the department may be furnished to the individual named
16 in the abstract.

17 (ii) Nothing in this section prevents a court from providing a
18 copy of the driver's abstract to the individual named in the abstract
19 or that named individual's attorney, provided that the named
20 individual has a pending or open infraction or criminal case in that
21 court. A pending case includes criminal cases that have not reached a
22 disposition by plea, stipulation, trial, or amended charge. An open
23 infraction or criminal case includes cases on probation, payment
24 agreement or subject to, or in collections. Courts may charge a
25 reasonable fee for the production and copying of the abstract for the
26 individual.

27 (b) **Employers or prospective employers.** (i) An abstract of the
28 full driving record maintained by the department may be furnished to
29 an employer or prospective employer or agents acting on behalf of an
30 employer or prospective employer of the named individual for purposes
31 related to driving by the individual as a condition of employment or
32 otherwise at the direction of the employer.

33 (ii) The department may provide employers or their agents a
34 three-year insurance carrier driving record of existing employees
35 only for the purposes of sharing the driving record with its
36 insurance carrier for underwriting. Employers may not provide the
37 employees' full driving records to its insurance carrier.

38 (iii) An abstract of the full driving record maintained by the
39 department may be furnished to an employer or prospective employer or
40 the agent(s) acting on behalf of an employer or prospective employer

1 of the named individual for purposes unrelated to driving by the
2 individual when a driving record is required by federal or state law,
3 or the employee or prospective employee will be handling heavy
4 equipment or machinery.

5 (iv) Release of an abstract of the driving record of an employee
6 or prospective employee requires a statement signed by: (A) The
7 employee or prospective employee that authorizes the release of the
8 record; and (B) the employer attesting that the information is
9 necessary for employment purposes related to driving by the
10 individual as a condition of employment or otherwise at the direction
11 of the employer. If the employer or prospective employer authorizes
12 agents to obtain this information on their behalf, this must be noted
13 in the statement. The statement must also note that any information
14 contained in the abstract related to an adjudication that is subject
15 to a court order sealing the juvenile record of an employee or
16 prospective employee may not be used by the employer or prospective
17 employer, or an agent authorized to obtain this information on their
18 behalf, unless required by federal regulation or law. The employer or
19 prospective employer must afford the employee or prospective employee
20 an opportunity to demonstrate that an adjudication contained in the
21 abstract is subject to a court order sealing the juvenile record.

22 (v) Upon request of the person named in the abstract provided
23 under this subsection, and upon that same person furnishing copies of
24 court records ruling that the person was not at fault in a motor
25 vehicle accident, the department must indicate on any abstract
26 provided under this subsection that the person was not at fault in
27 the motor vehicle accident.

28 (vi) No employer or prospective employer, nor any agents of an
29 employer or prospective employer, may use information contained in
30 the abstract related to an adjudication that is subject to a court
31 order sealing the juvenile record of an employee or prospective
32 employee for any purpose unless required by federal regulation or
33 law. The employee or prospective employee must furnish a copy of the
34 court order sealing the juvenile record to the employer or
35 prospective employer, or the agents of the employer or prospective
36 employer, as may be required to ensure the application of this
37 subsection.

38 (c) **Volunteer organizations.** (i) An abstract of the full driving
39 record maintained by the department may be furnished to a volunteer
40 organization or an agent for a volunteer organization for which the

1 named individual has submitted an application for a position that
2 would require driving by the individual at the direction of the
3 volunteer organization.

4 (ii) Release of an abstract of the driving record of a
5 prospective volunteer requires a statement signed by: (A) The
6 prospective volunteer that authorizes the release of the record; and
7 (B) the volunteer organization attesting that the information is
8 necessary for purposes related to driving by the individual at the
9 direction of the volunteer organization. If the volunteer
10 organization authorizes an agent to obtain this information on their
11 behalf, this must be noted in the statement.

12 (d) **Transit authorities.** An abstract of the full driving record
13 maintained by the department may be furnished to an employee or
14 agents of a transit authority checking prospective or existing
15 volunteer vanpool drivers for insurance and risk management needs.

16 (e) **Insurance carriers.** (i) An abstract of the driving record
17 maintained by the department covering the period of not more than the
18 last three years may be furnished to an insurance company or its
19 agents:

20 (A) That has motor vehicle or life insurance in effect covering
21 the named individual;

22 (B) To which the named individual has applied; or

23 (C) That has insurance in effect covering the employer or a
24 prospective employer of the named individual.

25 (ii) The abstract provided to the insurance company must:

26 (A) Not contain any information related to actions committed by
27 law enforcement officers or firefighters, as both terms are defined
28 in RCW 41.26.030, or by Washington state patrol officers, while
29 driving official vehicles in the performance of their occupational
30 duty, or by registered tow truck operators as defined in RCW
31 46.55.010 in the performance of their occupational duties while at
32 the scene of a roadside impound or recovery so long as they are not
33 issued a citation. This does not apply to any situation where the
34 vehicle was used in the commission of a misdemeanor or felony;

35 (B) Include convictions under RCW 46.61.5249 and 46.61.525,
36 except that the abstract must report the convictions only as
37 negligent driving without reference to whether they are for first or
38 second degree negligent driving; and

39 (C) Exclude any deferred prosecution under RCW 10.05.060, except
40 that if a person is removed from a deferred prosecution under RCW

1 10.05.090, the abstract must show the deferred prosecution as well as
2 the removal.

3 (iii) Any policy of insurance may not be canceled, nonrenewed,
4 denied, or have the rate increased on the basis of information
5 regarding an accident included in the abstract of a driving record,
6 unless the policyholder was determined to be at fault.

7 (iv) Any insurance company or its agents, for underwriting
8 purposes relating to the operation of commercial motor vehicles, may
9 not use any information contained in the abstract relative to any
10 person's operation of motor vehicles while not engaged in such
11 employment. Any insurance company or its agents, for underwriting
12 purposes relating to the operation of noncommercial motor vehicles,
13 may not use any information contained in the abstract relative to any
14 person's operation of commercial motor vehicles. For the purposes of
15 this subsection, "commercial motor vehicle" has the same meaning as
16 in RCW 46.25.010(6).

17 (f) **Alcohol/drug assessment or treatment agencies.** An abstract of
18 the driving record maintained by the department covering the period
19 of not more than the last five years may be furnished to an alcohol/
20 drug assessment or treatment agency approved by the department of
21 health to which the named individual has applied or been assigned for
22 evaluation or treatment, for purposes of assisting employees in
23 making a determination as to what level of treatment, if any, is
24 appropriate, except that the abstract must:

25 (i) Also include records of alcohol-related offenses, as defined
26 in RCW 46.01.260(2), covering a period of not more than the last ten
27 years; and

28 (ii) Indicate whether an alcohol-related offense was originally
29 charged as a violation of either RCW 46.61.502 or 46.61.504.

30 (g) **Attorneys—City attorneys, county prosecuting attorneys, and**
31 **named individual's attorney of record.** An abstract of the full
32 driving record maintained by the department, including whether a
33 recorded violation is an alcohol-related offense, as defined in RCW
34 46.01.260(2), that was originally charged as a violation of either
35 RCW 46.61.502 or 46.61.504, may be furnished to city attorneys,
36 county prosecuting attorneys, or the named individual's attorney of
37 record. City attorneys, county prosecuting attorneys, or the named
38 individual's attorney of record may provide the driving record to
39 alcohol/drug assessment or treatment agencies approved by the

1 department of social and health services to which the named
2 individual has applied or been assigned for evaluation or treatment.

3 (h) **State colleges, universities, or agencies, or units of local**
4 **government.** An abstract of the full driving record maintained by the
5 department may be furnished to (i) state colleges, universities, or
6 agencies for employment and risk management purposes or (ii) units of
7 local government authorized to self-insure under RCW 48.62.031, or
8 their agents, for employment and risk management purposes. "Unit of
9 local government" includes an insurance pool established under RCW
10 48.62.031.

11 (i) **Superintendent of public instruction.** (i) An abstract of the
12 full driving record maintained by the department may be furnished to
13 the superintendent of public instruction for review of public school
14 bus driver records. The superintendent or superintendent's designee
15 may discuss information on the driving record with an authorized
16 representative of the employing school district for employment and
17 risk management purposes.

18 (ii) The superintendent of public instruction is exempt from
19 paying the fees related to the reviewing of records and the fee
20 required in subsection (5) of this section.

21 (j) **State and federal agencies.** An abstract of the driving record
22 maintained by the department may be furnished to state and federal
23 agencies, or their agents, in carrying out its functions.

24 (k) **Transportation network companies.** An abstract of the full
25 driving record maintained by the department may be furnished to a
26 transportation network company or its agents acting on its behalf of
27 the named individual for purposes related to driving by the
28 individual as a condition of being a contracted driver.

29 (l) **Research.** (i) The department may furnish driving record data
30 to state agencies and bona fide scientific research organizations.
31 The department may require review and approval by an institutional
32 review board. For the purposes of this subsection, "research" means a
33 planned and systematic sociological, psychological, epidemiological,
34 biomedical, or other scientific investigation carried out by a state
35 agency, or by a scientific research professional associated with a
36 bona fide scientific research organization with an objective to
37 contribute to scientific knowledge, the solution of social and health
38 problems, or the evaluation of public benefit and service programs.
39 This definition excludes methods of record analysis and data

1 collection that are subjective, do not permit replication, and are
2 not designed to yield reliable and valid results.

3 (ii) The state agency, or a scientific research professional
4 associated with a bona fide scientific research organization, are
5 exempt from paying the fees related to the reviewing of records and
6 the fee required in subsection (5) of this section. However, the
7 department may charge a cost-recovery fee for the actual cost of
8 providing the data.

9 (3) **Reviewing of driving records.** (a) In addition to the methods
10 described herein, the director may enter into a contractual agreement
11 for the purpose of reviewing the driving records of existing
12 employees for changes to the record during specified periods of time.
13 The department shall establish a fee for this service, which must be
14 deposited in the highway safety fund. The fee for this service must
15 be set at a level that does not result in a net revenue loss to the
16 state. Any information provided under this subsection must be treated
17 in the same manner and is subject to the same restrictions as driving
18 record abstracts.

19 (b) The department may provide reviewing services to the
20 following entities:

21 (i) Employers for existing employees, or their agents;

22 (ii) Transit authorities for current vanpool drivers, or their
23 agents;

24 (iii) Insurance carriers for current policyholders, or their
25 agents;

26 (iv) State colleges, universities, or agencies, or units of local
27 government, or their agents;

28 (v) The office of the superintendent of public instruction for
29 school bus drivers statewide; and

30 (vi) Transportation network companies, or their agents.

31 (4) **Release to third parties prohibited.** (a) Any person or entity
32 receiving an abstract of a person's driving record under subsection
33 (2)(b) through (1) of this section shall use the abstract exclusively
34 for his, her, or its own purposes or as otherwise expressly permitted
35 under this section, and shall not divulge any information contained
36 in the abstract to a third party.

37 (b) The following release of records to third parties are hereby
38 authorized:

39 (i) Employers may divulge driving records to regulatory bodies,
40 as defined by the department by rule, such as the United States

1 department of transportation and the federal motor carrier safety
2 administration.

3 (ii) Employers may divulge a three-year driving record to their
4 insurance carrier for underwriting purposes.

5 (iii) Employers may divulge driving records to contracted motor
6 carrier consultants for the purposes of ensuring driver compliance
7 and risk management.

8 (5) (~~(Fee.)~~) **Fees.** (a) The director shall collect a (~~(thirteen~~
9 ~~dollar)~~) \$15 fee for each abstract of a person's driving record
10 furnished by the department. After depositing \$2 of the driver's
11 abstract fee in the move ahead WA flexible account created in section
12 402 of this act, the remainder shall be distributed as follows:

13 (i) Fifty percent (~~(of the fee)~~) must be deposited in the highway
14 safety fund(~~(7)~~); and (~~(fifty)~~)

15 (ii) Fifty percent (~~(of the fee)~~) must be deposited according to
16 RCW 46.68.038.

17 (b) Beginning July 1, 2029, the director shall collect an
18 additional \$2 fee for each abstract of a person's driving record
19 furnished by the department. The \$2 additional driver's abstract fee
20 must be deposited in the move ahead WA flexible account created in
21 section 402 of this act.

22 (6) **Violation.** (a) Any negligent violation of this section is a
23 gross misdemeanor.

24 (b) Any intentional violation of this section is a class C
25 felony.

26 (7) Effective July 1, 2019, the contents of a driving abstract
27 pursuant to this section shall not include any information related to
28 sealed juvenile records unless that information is required by
29 federal law or regulation.

30 **Sec. 213.** RCW 46.17.015 and 2010 c 161 s 502 are each amended to
31 read as follows:

32 (1) A person who applies for a vehicle registration or for any
33 other right to operate a vehicle on the highways of this state shall
34 pay a (~~(twenty-five)~~) 25 cent license plate technology fee in
35 addition to any other fees and taxes required by law. The license
36 plate technology fee must be distributed under RCW 46.68.370.

37 (2) A vehicle registered under RCW 46.16A.455 or 46.17.330 is not
38 subject to the license plate technology fee, except for a vehicle
39 registered under RCW 46.16A.455(3).

1 (3) The revenue from the license plate technology fee imposed on
2 vehicles registered under RCW 46.16A.455(3) must be deposited in the
3 move ahead WA account created in section 401 of this act.

4 **Sec. 214.** RCW 46.17.025 and 2010 c 161 s 503 are each amended to
5 read as follows:

6 (1) A person who applies for a vehicle registration or for any
7 other right to operate a vehicle on the highways of this state shall
8 pay a (~~(fifty)~~) 50 cent license service fee in addition to any other
9 fees and taxes required by law. The license service fee must be
10 distributed under RCW 46.68.220.

11 (2) A vehicle registered under RCW 46.16A.455 or 46.17.330 is not
12 subject to the license service fee, except for a vehicle registered
13 under RCW 46.16A.455(3).

14 (3) The revenue from the license service fee imposed on vehicles
15 registered under RCW 46.16A.455(3) must be deposited in the move
16 ahead WA account created in section 401 of this act.

17 **Sec. 215.** RCW 46.20.200 and 2012 c 80 s 10 are each amended to
18 read as follows:

19 (1) If an instruction permit, identicard, or a driver's license
20 is lost or destroyed, the person to whom it was issued may obtain a
21 duplicate of it upon furnishing proof of such fact satisfactory to
22 the department and payment of a fee of (~~(twenty dollars)~~) \$20 to the
23 department.

24 (2) A replacement permit, identicard, or driver's license may be
25 obtained to change or correct material information upon payment of a
26 fee of (~~(ten dollars)~~) \$20 and surrender of the permit, identicard,
27 or driver's license being replaced.

28 **Sec. 216.** RCW 46.68.041 and 2020 c 330 s 18 are each amended to
29 read as follows:

30 (1) Except as provided in (~~(subsection)~~) subsections (2) and (3)
31 of this section, the department (~~(shall)~~) must forward all funds
32 accruing under the provisions of chapter 46.20 RCW together with a
33 proper identifying, detailed report to the state treasurer who
34 (~~(shall)~~) must deposit such moneys to the credit of the highway
35 safety fund.

1 (2) Fifty-six percent of each fee collected by the department
2 under RCW 46.20.311 (1)(e)(ii), (2)(b)(ii), and (3)(b) (~~shall~~) must
3 be deposited in the impaired driving safety account.

4 (3) Fifty percent of the revenue from the fees imposed under RCW
5 46.20.200(2) must be deposited in the move ahead WA flexible account
6 created in section 402 of this act.

7 **Sec. 217.** RCW 46.70.180 and 2017 c 41 s 1 are each amended to
8 read as follows:

9 Each of the following acts or practices is unlawful:

10 (1) To cause or permit to be advertised, printed, displayed,
11 published, distributed, broadcasted, televised, or disseminated in
12 any manner whatsoever, any statement or representation with regard to
13 the sale, lease, or financing of a vehicle which is false, deceptive,
14 or misleading, including but not limited to the following:

15 (a) That no down payment is required in connection with the sale
16 of a vehicle when a down payment is in fact required, or that a
17 vehicle may be purchased for a smaller down payment than is actually
18 required;

19 (b) That a certain percentage of the sale price of a vehicle may
20 be financed when such financing is not offered in a single document
21 evidencing the entire security transaction;

22 (c) That a certain percentage is the amount of the service charge
23 to be charged for financing, without stating whether this percentage
24 charge is a monthly amount or an amount to be charged per year;

25 (d) That a new vehicle will be sold for a certain amount above or
26 below cost without computing cost as the exact amount of the factory
27 invoice on the specific vehicle to be sold;

28 (e) That a vehicle will be sold upon a monthly payment of a
29 certain amount, without including in the statement the number of
30 payments of that same amount which are required to liquidate the
31 unpaid purchase price.

32 (2)(a)(i) To incorporate within the terms of any purchase and
33 sale or lease agreement any statement or representation with regard
34 to the sale, lease, or financing of a vehicle which is false,
35 deceptive, or misleading, including but not limited to terms that
36 include as an added cost to the selling price or capitalized cost of
37 a vehicle an amount for licensing or transfer of title of that
38 vehicle which is not actually due to the state, unless such amount
39 has in fact been paid by the dealer prior to such sale.

1 (ii) However, an amount not to exceed (~~one hundred fifty~~
2 ~~dollars~~) \$200 per vehicle sale or lease may be charged by a dealer
3 to recover administrative costs for collecting motor vehicle excise
4 taxes, licensing and registration fees and other agency fees,
5 verifying and clearing titles, transferring titles, perfecting,
6 releasing, or satisfying liens or other security interests, and other
7 administrative and documentary services rendered by a dealer in
8 connection with the sale or lease of a vehicle and in carrying out
9 the requirements of this chapter or any other provisions of state
10 law.

11 (b) A dealer may charge the documentary service fee in (a) of
12 this subsection under the following conditions:

13 (i) The documentary service fee is disclosed in writing to a
14 prospective purchaser or lessee before the execution of a purchase
15 and sale or lease agreement;

16 (ii) The dealer discloses to the purchaser or lessee in writing
17 that the documentary service fee is a negotiable fee. The disclosure
18 must be written in a typeface that is at least as large as the
19 typeface used in the standard text of the document that contains the
20 disclosure and that is bold faced, capitalized, underlined, or
21 otherwise set out from the surrounding material so as to be
22 conspicuous. The dealer shall not represent to the purchaser or
23 lessee that the fee or charge is required by the state to be paid by
24 either the dealer or prospective purchaser or lessee;

25 (iii) The documentary service fee is separately designated from
26 the selling price or capitalized cost of the vehicle and from any
27 other taxes, fees, or charges; and

28 (iv) Dealers disclose in any advertisement that a documentary
29 service fee in an amount up to (~~one hundred fifty dollars~~) \$200 may
30 be added to the sale price or the capitalized cost.

31 For the purposes of this subsection (2), the term "documentary
32 service fee" means the optional amount charged by a dealer to provide
33 the services specified in (a) of this subsection.

34 (3) To set up, promote, or aid in the promotion of a plan by
35 which vehicles are to be sold or leased to a person for a
36 consideration and upon further consideration that the purchaser or
37 lessee agrees to secure one or more persons to participate in the
38 plan by respectively making a similar purchase and in turn agreeing
39 to secure one or more persons likewise to join in said plan, each
40 purchaser or lessee being given the right to secure money, credits,

1 goods, or something of value, depending upon the number of persons
2 joining the plan.

3 (4) To commit, allow, or ratify any act of "bushing" which is
4 defined as follows: Entering into a written contract, written
5 purchase order or agreement, retail installment sales agreement, note
6 and security agreement, or written lease agreement, hereinafter
7 collectively referred to as contract or lease, signed by the
8 prospective buyer or lessee of a vehicle, which:

9 (a) Is subject to any conditions or the dealer's or his or her
10 authorized representative's future acceptance, and the dealer fails
11 or refuses within the "bushing" period, which is four calendar days,
12 exclusive of Saturday, Sunday, or legal holiday, and prior to any
13 further negotiations with said buyer or lessee to inform the buyer or
14 lessee either: (i) That the dealer unconditionally accepts the
15 contract or lease, having satisfied, removed, or waived all
16 conditions to acceptance or performance, including, but not limited
17 to, financing, assignment, or lease approval; or (ii) that the dealer
18 rejects the contract or lease, thereby automatically voiding the
19 contract or lease, as long as such voiding does not negate
20 commercially reasonable contract or lease provisions pertaining to
21 the return of the subject vehicle and any physical damage, excessive
22 mileage after the demand for return of the vehicle, and attorneys'
23 fees authorized by law, and tenders the refund of any initial payment
24 or security made or given by the buyer or lessee, including, but not
25 limited to, any down payment, and tenders return of the trade-in
26 vehicle, key, other trade-in, or certificate of title to a trade-in.
27 Tender may be conditioned on return of the subject vehicle if
28 previously delivered to the buyer or lessee.

29 The provisions of this subsection (4)(a) do not impair,
30 prejudice, or abrogate the rights of a dealer to assert a claim
31 against the buyer or lessee for misrepresentation or breach of
32 contract and to exercise all remedies available at law or in equity,
33 including those under chapter 62A.9A RCW, if the dealer, bank, or
34 other lender or leasing company discovers that approval of the
35 contract or financing or approval of the lease was based upon
36 material misrepresentations made by the buyer or lessee, including,
37 but not limited to, misrepresentations regarding income, employment,
38 or debt of the buyer or lessee, as long as the dealer, or his or her
39 staff, has not, with knowledge of the material misrepresentation,
40 aided, assisted, encouraged, or participated, directly or indirectly,

1 in the misrepresentation. A dealer shall not be in violation of this
2 subsection (4)(a) if the buyer or lessee made a material
3 misrepresentation to the dealer, as long as the dealer, or his or her
4 staff, has not, with knowledge of the material misrepresentation,
5 aided, assisted, encouraged, or participated, directly or indirectly,
6 in the misrepresentation.

7 A dealer may inform a buyer or lessee under this subsection
8 (4)(a) regarding the unconditional acceptance or rejection of the
9 contract, lease, or financing by sending an email message to the
10 buyer's or lessee's supplied email address, by phone call, by leaving
11 a voice message or sending a text message to a phone number provided
12 by the buyer or lessee, by in-person oral communication, by mailing a
13 letter by first-class mail if the buyer or lessee expresses a
14 preference for a letter or declines to provide an email address and a
15 phone number capable of receiving a free text message, or by another
16 means agreed to by the buyer or lessee or approved by the department,
17 effective upon the execution, mailing, or sending of the
18 communication and before expiration of the "bushing" period;

19 (b) Permits the dealer to renegotiate a dollar amount specified
20 as trade-in allowance on a vehicle delivered or to be delivered by
21 the buyer or lessee as part of the purchase price or lease, for any
22 reason except:

23 (i) Failure to disclose that the vehicle's certificate of title
24 has been branded for any reason, including, but not limited to,
25 status as a rebuilt vehicle as provided in RCW 46.12.540 and
26 46.12.560; or

27 (ii) Substantial physical damage or latent mechanical defect
28 occurring before the dealer took possession of the vehicle and which
29 could not have been reasonably discoverable at the time of the taking
30 of the order, offer, or contract; or

31 (iii) Excessive additional miles or a discrepancy in the mileage.
32 "Excessive additional miles" means the addition of (~~five hundred~~)
33 500 miles or more, as reflected on the vehicle's odometer, between
34 the time the vehicle was first valued by the dealer for purposes of
35 determining its trade-in value and the time of actual delivery of the
36 vehicle to the dealer. "A discrepancy in the mileage" means (A) a
37 discrepancy between the mileage reflected on the vehicle's odometer
38 and the stated mileage on the signed odometer statement; or (B) a
39 discrepancy between the mileage stated on the signed odometer
40 statement and the actual mileage on the vehicle; or

1 (c) Fails to comply with the obligation of any written warranty
2 or guarantee given by the dealer requiring the furnishing of services
3 or repairs within a reasonable time.

4 (5) To commit any offense relating to odometers, as such offenses
5 are defined in RCW 46.37.540, 46.37.550, 46.37.560, and 46.37.570. A
6 violation of this subsection is a class C felony punishable under
7 chapter 9A.20 RCW.

8 (6) For any vehicle dealer or vehicle salesperson to refuse to
9 furnish, upon request of a prospective purchaser or lessee, for
10 vehicles previously registered to a business or governmental entity,
11 the name and address of the business or governmental entity.

12 (7) To commit any other offense under RCW 46.37.423, 46.37.424,
13 or 46.37.425.

14 (8) To commit any offense relating to a dealer's temporary
15 license permit, including but not limited to failure to properly
16 complete each such permit, or the issuance of more than one such
17 permit on any one vehicle. However, a dealer may issue a second
18 temporary permit on a vehicle if the following conditions are met:

19 (a) The lienholder fails to deliver the vehicle title to the
20 dealer within the required time period;

21 (b) The dealer has satisfied the lien; and

22 (c) The dealer has proof that payment of the lien was made within
23 two calendar days, exclusive of Saturday, Sunday, or a legal holiday,
24 after the sales contract has been executed by all parties and all
25 conditions and contingencies in the sales contract have been met or
26 otherwise satisfied.

27 (9) For a dealer, salesperson, or mobile home manufacturer,
28 having taken an instrument or cash "on deposit" from a purchaser or
29 lessee prior to the delivery of the bargained-for vehicle, to
30 commingle the "on deposit" funds with assets of the dealer,
31 salesperson, or mobile home manufacturer instead of holding the "on
32 deposit" funds as trustee in a separate trust account until the
33 purchaser or lessee has taken delivery of the bargained-for vehicle.
34 Delivery of a manufactured home shall be deemed to occur in
35 accordance with RCW 46.70.135(5). Failure, immediately upon receipt,
36 to endorse "on deposit" instruments to such a trust account, or to
37 set aside "on deposit" cash for deposit in such trust account, and
38 failure to deposit such instruments or cash in such trust account by
39 the close of banking hours on the day following receipt thereof,
40 shall be evidence of intent to commit this unlawful practice:

1 PROVIDED, HOWEVER, That a motor vehicle dealer may keep a separate
2 trust account which equals his or her customary total customer
3 deposits for vehicles for future delivery. For purposes of this
4 section, "on deposit" funds received from a purchaser of a
5 manufactured home means those funds that a seller requires a
6 purchaser to advance before ordering the manufactured home, but does
7 not include any loan proceeds or moneys that might have been paid on
8 an installment contract.

9 (10) For a dealer or manufacturer to fail to comply with the
10 obligations of any written warranty or guarantee given by the dealer
11 or manufacturer requiring the furnishing of goods and services or
12 repairs within a reasonable period of time, or to fail to furnish to
13 a purchaser or lessee, all parts which attach to the manufactured
14 unit including but not limited to the undercarriage, and all items
15 specified in the terms of a sales or lease agreement signed by the
16 seller and buyer or lessee.

17 (11) For a vehicle dealer to pay to or receive from any person,
18 firm, partnership, association, or corporation acting, either
19 directly or through a subsidiary, as a buyer's agent for consumers,
20 any compensation, fee, purchase moneys or funds that have been
21 deposited into or withdrawn out of any account controlled or used by
22 any buyer's agent, gratuity, or reward in connection with the
23 purchase, sale, or lease of a new motor vehicle.

24 (12) For a buyer's agent, acting directly or through a
25 subsidiary, to pay to or to receive from any motor vehicle dealer any
26 compensation, fee, gratuity, or reward in connection with the
27 purchase, sale, or lease of a new motor vehicle. In addition, it is
28 unlawful for any buyer's agent to engage in any of the following acts
29 on behalf of or in the name of the consumer:

30 (a) Receiving or paying any purchase moneys or funds into or out
31 of any account controlled or used by any buyer's agent;

32 (b) Signing any vehicle purchase orders, sales contracts, leases,
33 odometer statements, or title documents, or having the name of the
34 buyer's agent appear on the vehicle purchase order, sales contract,
35 lease, or title; or

36 (c) Signing any other documentation relating to the purchase,
37 sale, lease, or transfer of any new motor vehicle.

38 It is unlawful for a buyer's agent to use a power of attorney
39 obtained from the consumer to accomplish or effect the purchase,
40 sale, lease, or transfer of ownership documents of any new motor

1 vehicle by any means which would otherwise be prohibited under (a)
2 through (c) of this subsection. However, the buyer's agent may use a
3 power of attorney for physical delivery of motor vehicle license
4 plates to the consumer.

5 Further, it is unlawful for a buyer's agent to engage in any
6 false, deceptive, or misleading advertising, disseminated in any
7 manner whatsoever, including but not limited to making any claim or
8 statement that the buyer's agent offers, obtains, or guarantees the
9 lowest price on any motor vehicle or words to similar effect.

10 (13) For a buyer's agent to arrange for or to negotiate the
11 purchase, or both, of a new motor vehicle through an out-of-state
12 dealer without disclosing in writing to the customer that the new
13 vehicle would not be subject to chapter 19.118 RCW. This subsection
14 also applies to leased vehicles. In addition, it is unlawful for any
15 buyer's agent to fail to have a written agreement with the customer
16 that: (a) Sets forth the terms of the parties' agreement; (b)
17 discloses to the customer the total amount of any fees or other
18 compensation being paid by the customer to the buyer's agent for the
19 agent's services; and (c) further discloses whether the fee or any
20 portion of the fee is refundable.

21 (14) Being a manufacturer, other than a motorcycle manufacturer
22 governed by chapter 46.93 RCW, to:

23 (a) Coerce or attempt to coerce any vehicle dealer to order or
24 accept delivery of any vehicle or vehicles, parts or accessories, or
25 any other commodities which have not been voluntarily ordered by the
26 vehicle dealer: PROVIDED, That recommendation, endorsement,
27 exposition, persuasion, urging, or argument are not deemed to
28 constitute coercion;

29 (b) Cancel or fail to renew the franchise or selling agreement of
30 any vehicle dealer doing business in this state without fairly
31 compensating the dealer at a fair going business value for his or her
32 capital investment which shall include but not be limited to tools,
33 equipment, and parts inventory possessed by the dealer on the day he
34 or she is notified of such cancellation or termination and which are
35 still within the dealer's possession on the day the cancellation or
36 termination is effective, if: (i) The capital investment has been
37 entered into with reasonable and prudent business judgment for the
38 purpose of fulfilling the franchise; and (ii) the cancellation or
39 nonrenewal was not done in good faith. Good faith is defined as the
40 duty of each party to any franchise to act in a fair and equitable

1 manner towards each other, so as to guarantee one party freedom from
2 coercion, intimidation, or threats of coercion or intimidation from
3 the other party: PROVIDED, That recommendation, endorsement,
4 exposition, persuasion, urging, or argument are not deemed to
5 constitute a lack of good faith;

6 (c) Encourage, aid, abet, or teach a vehicle dealer to sell or
7 lease vehicles through any false, deceptive, or misleading sales or
8 financing practices including but not limited to those practices
9 declared unlawful in this section;

10 (d) Coerce or attempt to coerce a vehicle dealer to engage in any
11 practice forbidden in this section by either threats of actual
12 cancellation or failure to renew the dealer's franchise agreement;

13 (e) Refuse to deliver any vehicle publicly advertised for
14 immediate delivery to any duly licensed vehicle dealer having a
15 franchise or contractual agreement for the retail sale or lease of
16 new and unused vehicles sold or distributed by such manufacturer
17 within sixty days after such dealer's order has been received in
18 writing unless caused by inability to deliver because of shortage or
19 curtailment of material, labor, transportation, or utility services,
20 or by any labor or production difficulty, or by any cause beyond the
21 reasonable control of the manufacturer;

22 (f) To provide under the terms of any warranty that a purchaser
23 or lessee of any new or unused vehicle that has been sold or leased,
24 distributed for sale or lease, or transferred into this state for
25 resale or lease by the vehicle manufacturer may only make any
26 warranty claim on any item included as an integral part of the
27 vehicle against the manufacturer of that item.

28 Nothing in this section may be construed to impair the
29 obligations of a contract or to prevent a manufacturer, distributor,
30 representative, or any other person, whether or not licensed under
31 this chapter, from requiring performance of a written contract
32 entered into with any licensee hereunder, nor does the requirement of
33 such performance constitute a violation of any of the provisions of
34 this section if any such contract or the terms thereof requiring
35 performance, have been freely entered into and executed between the
36 contracting parties. This paragraph and subsection (14)(b) of this
37 section do not apply to new motor vehicle manufacturers governed by
38 chapter 46.96 RCW.

39 (15) Unlawful transfer of an ownership interest in a motor
40 vehicle as defined in RCW 19.116.050.

1 (16) To knowingly and intentionally engage in collusion with a
2 registered owner of a vehicle to repossess and return or resell the
3 vehicle to the registered owner in an attempt to avoid a suspended
4 license impound under chapter 46.55 RCW. However, compliance with
5 chapter 62A.9A RCW in repossessing, selling, leasing, or otherwise
6 disposing of the vehicle, including providing redemption rights to
7 the debtor, is not a violation of this section.

8 (17)(a) For a dealer to enter into a new motor vehicle sales
9 contract without disclosing in writing to a buyer of the new motor
10 vehicle, or to a dealer in the case of an unregistered motor vehicle,
11 any known damage and repair to the new motor vehicle if the damage
12 exceeds five percent of the manufacturer's suggested retail price as
13 calculated at the dealer's authorized warranty rate for labor and
14 parts, or (~~one thousand dollars~~) \$1,000, whichever amount is
15 greater. A manufacturer or new motor vehicle dealer is not required
16 to disclose to a dealer or buyer that glass, tires, bumpers, or
17 cosmetic parts of a new motor vehicle were damaged at any time if the
18 damaged item has been replaced with original or comparable equipment.
19 A replaced part is not part of the cumulative damage required to be
20 disclosed under this subsection.

21 (b) A manufacturer is required to provide the same disclosure to
22 a dealer of any known damage or repair as required in (a) of this
23 subsection.

24 (c) If disclosure of any known damage or repair is not required
25 under this section, a buyer may not revoke or rescind a sales
26 contract due to the fact that the new motor vehicle was damaged and
27 repaired before completion of the sale.

28 (d) As used in this section:

29 (i) "Cosmetic parts" means parts that are attached by and can be
30 replaced in total through the use of screws, bolts, or other
31 fasteners without the use of welding or thermal cutting, and includes
32 windshields, bumpers, hoods, or trim panels.

33 (ii) "Manufacturer's suggested retail price" means the retail
34 price of the new motor vehicle suggested by the manufacturer, and
35 includes the retail delivered price suggested by the manufacturer for
36 each accessory or item of optional equipment physically attached to
37 the new motor vehicle at the time of delivery to the new motor
38 vehicle dealer that is not included within the retail price suggested
39 by the manufacturer for the new motor vehicle.

1 **Part III**

2 **General Fund and Other Related Support**

3 **Sec. 301.** RCW 82.32.385 and 2020 c 219 s 703 are each amended to
4 read as follows:

5 (1) Beginning September 2019 and ending December 2019, by the
6 last day of September and December, the state treasurer must transfer
7 from the general fund to the connecting Washington account created in
8 RCW 46.68.395 (~~((thirteen million six hundred eighty thousand~~
9 ~~dollars))~~) \$13,680,000.

10 (2) Beginning March 2020 and ending June 2021, by the last day of
11 September, December, March, and June of each year, the state
12 treasurer must transfer from the general fund to the multimodal
13 transportation account created in RCW 47.66.070 (~~((thirteen million~~
14 ~~six hundred eighty thousand dollars))~~) \$13,680,000.

15 (3) Beginning September 2021 and ending June 2023, by the last
16 day of September, December, March, and June of each year, the state
17 treasurer must transfer from the general fund to the connecting
18 Washington account created in RCW 46.68.395 (~~((thirteen million eight~~
19 ~~hundred five thousand dollars))~~) \$13,805,000.

20 (4) Beginning September 2023 and ending June 2025, by the last
21 day of September, December, March, and June of each year, the state
22 treasurer must transfer from the general fund to the connecting
23 Washington account created in RCW 46.68.395 (~~((thirteen million nine~~
24 ~~hundred eighty seven thousand dollars))~~) \$13,987,000.

25 (5) Beginning September 2025 and ending June 2027, by the last
26 day of September, December, March, and June of each year, the state
27 treasurer must transfer from the general fund to the connecting
28 Washington account created in RCW 46.68.395 (~~((eleven million six~~
29 ~~hundred fifty eight thousand dollars))~~) \$11,658,000.

30 (6) Beginning September 2027 and ending June 2029, by the last
31 day of September, December, March, and June of each year, the state
32 treasurer must transfer from the general fund to the connecting
33 Washington account created in RCW 46.68.395 (~~((seven million five~~
34 ~~hundred sixty four thousand dollars))~~) \$7,564,000.

35 (7) Beginning September 2029 and ending June 2031, by the last
36 day of September, December, March, and June of each year, the state
37 treasurer must transfer from the general fund to the connecting
38 Washington account created in RCW 46.68.395 (~~((four million fifty six~~
39 ~~thousand dollars))~~) \$4,056,000.

1 (8) For fiscal year 2026 through fiscal year 2038, the state
2 treasurer must transfer from the general fund to the move ahead WA
3 flexible account created in section 402 of this act \$31,000,000 each
4 fiscal year in four equal quarterly transfers. This amount represents
5 the estimated state sales and use tax generated from new
6 transportation projects and activities funded as a result of this
7 act.

8 **Sec. 302.** RCW 82.08.993 and 2021 c 171 s 2 are each amended to
9 read as follows:

10 (1)(a) Subject to the limitations in this subsection, beginning
11 July 1, 2022, with sales made or lease agreements signed on or after
12 this date until the expiration of this section, (~~fifty~~) 50 percent
13 of the tax levied by RCW 82.08.020 does not apply to sales or leases
14 of new electric passenger cars, light duty trucks, and medium duty
15 passenger vehicles, that are powered by a fuel cell.

16 (b)(i) By the end of the fifth working day of each month, until
17 the expiration of the exemption as described in (c) of this
18 subsection, the department must determine the cumulative number of
19 vehicles that have claimed the exemption as described in (a) of this
20 subsection.

21 (ii) The department of licensing must collect and provide, upon
22 request, information in a form or manner as required by the
23 department to determine the number of exemptions that have been
24 claimed.

25 (c) The exemption under this section expires after the last day
26 of the calendar month immediately following the month the department
27 determines that the total number of vehicles exempt under (a) of this
28 subsection reaches 650. All leased vehicles that qualified for the
29 exemption before the expiration of the exemption must continue to
30 receive the exemption as described under (a) of this subsection on
31 lease payments due through the remainder of the lease.

32 (d) The department must provide notification on its website
33 monthly on the amount of exemptions that have been applied for, the
34 amount issued, and the amount remaining before the limit described in
35 (c) of this subsection has been reached, and, once that limit has
36 been reached, the date the exemption expires pursuant to (c) of this
37 subsection.

38 (e) A person may not claim the exemption under this subsection if
39 the person claims the exemption under RCW 82.08.9999 or 82.12.9999.

1 (f) The per vehicle exemption must be based on the sales price
2 for purchased vehicles and fair market value at the inception of the
3 lease for leased vehicles.

4 (2)(a) Subject to the limitations in this subsection (2),
5 beginning July 1, 2022, with sales made or lease agreements signed on
6 or after this date until the expiration of this section, the entire
7 tax levied by RCW 82.08.020 does not apply to the sale or lease of
8 used electric passenger cars, light duty trucks, and medium duty
9 passenger vehicles, that are powered by a fuel cell.

10 (b) The per vehicle exemption must be based on the sales price
11 for purchased vehicles and fair market value at the inception of the
12 lease for leased vehicles. However, the maximum value amount eligible
13 for the exemption under (a) of this subsection is the lesser of
14 either (~~sixteen thousand dollars~~) \$16,000 or the fair market value
15 of the vehicle.

16 (c) A person may not claim the exemption under this subsection
17 (2) if the person claims the exemption under RCW 82.08.9999 or
18 82.12.9999.

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

32 (b) For vehicles purchased from (i) a seller that is not licensed
33 to do business in the state of Washington, or (ii) a private party,
34 the buyer must keep records necessary for the department to verify
35 eligibility under this section. The buyer claiming the exemption must
36 also submit itemized information to the department for all vehicles
37 for which an exemption is claimed that must include the following:
38 Vehicle make; vehicle model; model year; date of sale; sales price;
39 and the total amount qualifying for the incentive claimed for each

1 vehicle. This information must be provided in a form and manner
2 prescribed by the department.

3 (4) (a) The department of licensing must maintain and publish a
4 list of all vehicle models qualifying for the tax exemptions under
5 this section and RCW 82.12.817 until the expiration of this section,
6 and is authorized to issue final rulings on vehicle model
7 qualification for these criteria.

8 (b) The department of revenue retains responsibility for
9 determining whether a vehicle meets the applicable qualifying
10 criterion under subsections (1) and (2) of this section.

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

22 ~~(6))~~ By the last day of August 2023, and annually thereafter
23 until this section expires, based on the best available data, the
24 department must report the following information to the
25 transportation committees of the legislature: The cumulative number
26 of fuel cell electric vehicles that qualified for the exemptions
27 under this section and RCW 82.12.817 by month of purchase or lease
28 start and vehicle make and model; the dollar amount of all state
29 retail sales and use taxes exempted on or after the qualification
30 period start date, under this section and RCW 82.12.817; and
31 estimates of the future costs of leased vehicles that qualified for
32 the exemptions under this section and RCW 82.12.817.

33 ~~((7))~~ (6)(a) Sales of vehicles delivered to the buyer after the
34 expiration of this section, or leased vehicles for which the lease
35 agreement was signed after the expiration of this section, do not
36 qualify for the exemptions under this section.

37 (b) All leased vehicles that qualified for the exemption under
38 this section before the expiration of this section must continue to
39 receive the exemption on any lease payments due through the remainder
40 of the lease.

1 ((~~8~~)) (7) For the purposes of this section:

2 (a) "Fair market value" has the same meaning as "value of the
3 article used" in RCW 82.12.010.

4 (b) "Fuel cell" means a technology that uses an electrochemical
5 reaction to generate electric energy by combining atoms of hydrogen
6 and oxygen in the presence of a catalyst.

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

9 (d) "Selling price" and "sales price" have the same meaning as in
10 RCW 82.08.010.

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

12 ((~~9~~)) (8) This section expires June 30, 2029.

13 **Sec. 303.** RCW 82.12.817 and 2021 c 171 s 3 are each amended to
14 read as follows:

15 (1) Subject to the limitations in this subsection and RCW
16 82.08.993(1)(c), beginning July 1, 2022, with sales made or lease
17 agreements signed on or after this date until the expiration of this
18 section, ((~~fifty~~)) 50 percent of the tax levied by RCW 82.12.020 does
19 not apply to sales or leases of new electric passenger cars, light
20 duty trucks, and medium duty passenger vehicles, that are powered by
21 a fuel cell.

22 (2)(a) Subject to the limitations in this subsection (2),
23 beginning July 1, 2022, with sales made or lease agreements signed on
24 or after this date until the expiration of this section, the entire
25 tax levied by RCW 82.12.020 does not apply to the sale or lease of
26 used electric passenger cars, light duty trucks, and medium duty
27 passenger vehicles, that are powered by a fuel cell.

28 (b) The per vehicle exemption must be based on the sales price
29 for purchased vehicles and fair market value at the inception of the
30 lease for leased vehicles. However, the maximum value amount eligible
31 for the exemption under (a) of this subsection is the lesser of
32 either ((~~sixteen thousand dollars~~)) \$16,000 or the fair market value
33 of the vehicle.

34 (c) A person may not claim the exemption under this subsection
35 (2) if the person claims the exemption under RCW 82.08.9999 or
36 82.12.9999.

37 (3) The buyer must keep records necessary for the department to
38 verify eligibility under this section. The buyer claiming the
39 exemption must also submit itemized information to the department for

1 all vehicles for which an exemption is claimed that must include the
2 following: Vehicle make; vehicle model; model year; whether the
3 vehicle has been sold or leased; date of sale or start date of lease;
4 length of lease; sales price for purchased vehicles and fair market
5 value at the inception of the lease for leased vehicles; and the
6 total amount qualifying for the incentive claimed for each vehicle,
7 in addition to the future monthly amount to be claimed for each
8 leased vehicle. This information must be provided in a form and
9 manner prescribed by the department.

10 ~~(4) ((On the last day of July, October, January, and April of~~
11 ~~each year, the state treasurer, based upon information provided by~~
12 ~~the department, must transfer from the electric vehicle account to~~
13 ~~the general fund a sum equal to the dollar amount that would~~
14 ~~otherwise have been deposited into the general fund during the prior~~
15 ~~fiscal quarter but for the exemptions provided in this section.~~
16 ~~Information provided by the department to the state treasurer must be~~
17 ~~based on the best available data.~~

18 ~~(5))~~ (a) Sales of vehicles delivered to the buyer after the
19 expiration of this section, or leased vehicles for which the lease
20 agreement was signed after the expiration of this section, do not
21 qualify for the exemptions under this section.

22 (b) All leased vehicles that qualified for the exemption under
23 this section before the expiration of this section must continue to
24 receive the exemption on any lease payments due through the remainder
25 of the lease.

26 ~~((6))~~ (5) The definitions in RCW 82.08.993 apply to this
27 section.

28 ~~((7))~~ (6) This section expires June 30, 2029.

29 **Sec. 304.** RCW 82.08.9999 and 2021 c 145 s 13 are each amended to
30 read as follows:

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

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

36 (i) Are exclusively powered by a clean alternative fuel; or
37 (ii) Use at least one method of propulsion that is capable of
38 being reenergized by an external source of electricity and are

1 capable of traveling at least (~~thirty~~) 30 miles using only battery
2 power; and

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

5 (I) For a vehicle that is a new vehicle at the time of the
6 purchase date or the date the lease agreement was signed, does not
7 exceed (~~forty-five thousand dollars~~) \$45,000; or

8 (II) For a vehicle that is a used vehicle at the time of the
9 purchase date or the date the lease agreement was signed, does not
10 exceed (~~thirty thousand dollars~~) \$30,000; or

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

13 (I) For a vehicle that is a new vehicle at the time of the
14 purchase date or the date the lease agreement was signed, does not
15 exceed (~~forty-five thousand dollars~~) \$45,000; or

16 (II) For a vehicle that is a used vehicle at the time of the
17 purchase date or the date the lease agreement was signed, does not
18 exceed (~~thirty thousand dollars~~) \$30,000;

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

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

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

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

30 (A) From the qualification period start date until July 31, 2021,
31 the maximum amount eligible under (b) (i) of this subsection is
32 (~~twenty-five thousand dollars~~) \$25,000;

33 (B) From August 1, 2021, until July 31, 2023, the maximum amount
34 eligible under (b) (i) of this subsection is (~~twenty thousand~~
35 ~~dollars~~) \$20,000;

36 (C) From August 1, 2023, until July 31, 2025, the maximum amount
37 eligible under (b) (i) of this subsection is (~~fifteen thousand~~
38 ~~dollars~~) \$15,000.

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~~) \$16,000.

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 RCW 82.12.9999 until the expiration date of this
18 section, and is authorized to issue final rulings on vehicle model
19 qualification for these criteria. A seller is not responsible for
20 repayment of the tax exemption under this section and RCW 82.12.9999
21 for a vehicle if the department of licensing's published list of
22 qualifying vehicle models on the purchase date or the date the lease
23 agreement was signed includes the vehicle model and the department of
24 licensing subsequently removes the vehicle model from the published
25 list, and, if applicable, the vehicle meets the qualifying criterion
26 under subsection (1)(a)(iii)(B) of this section and RCW
27 82.12.9999(1)(a)(iii)(B).

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 RCW
31 82.12.9999(1)(a)(iii)(B).

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

1 ~~time as retailers are able to report such exempted amounts on their~~
2 ~~tax 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 RCW 82.12.9999 by month of purchase or lease start and vehicle make
9 and model; the dollar amount of all state retail sales and use taxes
10 exempted on or after the qualification period start date, under this
11 section and RCW 82.12.9999; and estimates of the future costs of
12 leased vehicles that qualified for the exemption under this section
13 and RCW 82.12.9999.

14 ~~((6))~~ (5) The definitions in this subsection apply throughout
15 this 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 August 1, 2019.

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

28 ~~((7))~~ (6)(a) Sales of vehicles delivered to the buyer or leased
29 vehicles for which the lease agreement was signed after the
30 qualification period end date do not qualify for the exemption under
31 this section.

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

37 ~~((8))~~ (7) This section expires August 1, 2028.

38 ~~((9))~~ (8) This section is supported by the revenues generated
39 in RCW 46.17.324, and therefore takes effect only if RCW 46.17.324 is
40 enacted by June 30, 2019.

1 **Sec. 305.** RCW 82.12.9999 and 2019 c 287 s 10 are each amended to
2 read as follows:

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

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

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

9 (ii) Use at least one method of propulsion that is capable of
10 being reenergized by an external source of electricity and are
11 capable of traveling at least (~~(thirty)~~) 30 miles using only battery
12 power; and

13 (iii) (A) Have a fair market value at the time use tax is imposed
14 for purchased 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)~~) \$45,000; 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)~~) \$30,000; or

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

23 (I) For a vehicle that is a new vehicle at the time of the
24 purchase date or the date the lease agreement was signed, does not
25 exceed (~~(forty-five thousand dollars)~~) \$45,000; or

26 (II) For a vehicle that is a used vehicle at the time of the
27 purchase date or the date the lease agreement was signed, does not
28 exceed (~~(thirty thousand dollars)~~) \$30,000;

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

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

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

37 (ii) Based on the purchase date or the date the lease agreement
38 was signed of the vehicle if the vehicle is a new vehicle at the time
39 of the purchase date or the date the lease agreement was signed:

1 (A) From the qualification period start date until July 31, 2021,
2 the maximum amount eligible under (b)(i) of this subsection is
3 (~~twenty-five thousand dollars~~) \$25,000;

4 (B) From August 1, 2021, until July 31, 2023, the maximum amount
5 eligible under (b)(i) of this subsection is (~~twenty thousand~~
6 ~~dollars~~) \$20,000;

7 (C) From August 1, 2023, until July 31, 2025, the maximum amount
8 eligible under (b)(i) of this subsection is (~~fifteen thousand~~
9 ~~dollars~~) \$15,000.

10 (iii) If the vehicle is a used vehicle at the time of the
11 purchase date or the date the lease agreement was signed, the maximum
12 amount eligible under (b)(i) of this subsection is (~~sixteen thousand~~
13 ~~dollars~~) \$16,000.

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

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

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

1 ~~calendar quarter but for the exemption provided in this section.~~
2 ~~Information provided by the department to the state treasurer must be~~
3 ~~based on the best available data.~~

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

7 (b) All leased vehicles that qualified for the exemption under
8 this section before the qualification period end date must continue
9 to receive the exemption as described under subsection (1)(b) of this
10 section on any lease payments due through the remainder of the lease
11 before August 1, 2028.

12 ~~((5))~~ (4) The definitions in RCW 82.08.9999 apply to this
13 section.

14 ~~((6))~~ (5) This section is supported by the revenues generated
15 in RCW 46.17.324, and therefore takes effect only if RCW 46.17.324 is
16 enacted by June 30, 2019.

17 ~~((7))~~ (6) This section expires August 1, 2028.

18 **Sec. 306.** RCW 82.04.4496 and 2019 c 287 s 8 are each amended to
19 read as follows:

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

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

33 (ii) A person who is taxable under this chapter is allowed a
34 credit against the tax imposed in this chapter for up to ~~((fifty))~~ 50
35 percent of the cost to purchase alternative fuel vehicle
36 infrastructure, tangible personal property that will become a
37 component of alternative fuel vehicle infrastructure, and

1 installation and construction of alternative fuel vehicle
2 infrastructure, but excluding the cost of property acquisition and
3 site improvement related to the installation of alternative fuel
4 vehicle infrastructure. The credit is subject to a maximum annual
5 credit amount of (~~two million dollars~~) \$2,000,000.

6 (b) On September 1st of each year, any unused credits from any
7 category identified in (a) of this subsection must be made available
8 to applicants applying for credits under any other category
9 identified in (a) of this subsection, subject to the maximum annual
10 and total credit amounts identified in this subsection. The credit
11 established in this section and RCW 82.16.0496 is subject to a
12 maximum annual credit amount of (~~six million dollars~~) \$6,000,000,
13 and a maximum total credit amount of (~~thirty-two and one-half~~
14 ~~million dollars~~) \$32,500,000 since the credit became available on
15 July 15, 2015.

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

21 (2) A person who is taxable under this chapter is allowed,
22 subject to the maximum annual credit per category in subsection
23 (1)(a) of this section, a credit against the tax imposed in this
24 chapter for the lesser of (~~twenty-five thousand dollars~~) \$25,000 or
25 (~~fifty~~) 50 percent of the costs of converting a commercial vehicle
26 to be principally powered by a clean alternative fuel with a United
27 States environmental protection agency certified conversion.

28 (3) The total credits under subsection (1)(a)(i) of this section
29 may not exceed the lesser of (~~two hundred fifty thousand dollars~~)
30 \$250,000 or (~~twenty-five~~) 25 vehicles per person per calendar year.

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

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

34 (a) The department must disallow any credits, or portion thereof,
35 that would cause the total amount of credits claimed under this
36 section, and RCW 82.16.0496, during any calendar year to exceed (~~six~~
37 ~~million dollars~~) \$6,000,000. The department must provide
38 notification on its website monthly on the amount of credits that
39 have been applied for, the amount issued, and the amount remaining
40 before the statewide annual limit is reached. In addition, the

1 department must provide written notice to any person who has applied
2 to claim tax credits in excess of the limitation in this subsection.

3 (b) The department must disallow any credits, or portion thereof,
4 that would cause the total amount of credits claimed beginning July
5 15, 2015, under this section and RCW 82.16.0496 to exceed (~~(thirty-~~
6 ~~two and one-half million dollars)~~) \$32,500,000. The department must
7 provide notification on its website monthly on the total amount of
8 credits that have been applied for, the amount issued, and the amount
9 remaining before the statewide limit is reached. In addition, the
10 department must provide written notice to any person who has applied
11 to claim tax credits in excess of the limitation in this subsection.

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

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

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

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

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

25 (ii) A quote or unexecuted copy of the purchase requisition or
26 order for the vehicle, infrastructure, infrastructure components,
27 infrastructure construction, or infrastructure installation;

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

30 (iv) The incremental cost of the alternative fuel system for
31 vehicle credits;

32 (v) The anticipated delivery date of the vehicle, the anticipated
33 delivery date of the infrastructure or infrastructure components, the
34 anticipated construction completion date of the infrastructure, or
35 the anticipated installation completion date of the infrastructure;

36 (vi) The estimated annual fuel use of the vehicle in the
37 anticipated duties or the estimated annual fuel to be supplied by the
38 infrastructure;

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

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

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

6 (b) Within (~~fifteen~~) 15 days of notice of credit availability
7 from the department, provide notice of intent to claim the credit
8 including:

9 (i) A copy of the order for the vehicle or infrastructure-related
10 item, including the total cost for the vehicle or infrastructure-
11 related item;

12 (ii) The anticipated delivery date of the vehicle or
13 infrastructure or infrastructure component, which must be within one
14 year of acceptance of the credit;

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

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

20 (c) Provide final documentation within (~~thirty~~) 30 days of
21 receipt of the vehicle or infrastructure or infrastructure components
22 or of completion of construction or installation of the
23 infrastructure, including:

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

26 (ii) A copy of the factory build sheet or equivalent
27 documentation;

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

29 (iv) The incremental cost of the alternative fuel system for
30 vehicle credits;

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

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

38 (9) A person applying for credit under subsection (8) of this
39 section may apply for multiple vehicles on the same application, but
40 the application must include the required information for each

1 vehicle included in the application. A separate application is
2 required for infrastructure-related items, but all infrastructure-
3 related items at a single location may be included in a single
4 application provided the required information for each
5 infrastructure-related item is included in the application.

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

8 (a) Provide notification on its website monthly of the amount of
9 credits that have been applied for, claimed, and the amount remaining
10 before the statewide annual limit and total limit are reached;

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

15 (c) Within (~~fifteen~~) 15 days of receipt of the notice of intent
16 to claim the tax credit, notify the applicant of the approval,
17 denial, or missing information in their notice; and

18 (d) Within (~~fifteen~~) 15 days of receipt of final documentation,
19 review the documentation and notify the person applying of the
20 acceptance of their final documentation.

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

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

26 (i) Sales or leases of new commercial vehicles and qualifying
27 used commercial vehicles with propulsion units that are principally
28 powered by a clean alternative fuel;

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

33 (iii) Sales of alternative fuel vehicle infrastructure or
34 infrastructure components, or the cost of construction or
35 installation of alternative fuel vehicle infrastructure.

36 (b) A credit is earned when the purchaser or the lessee takes
37 receipt of the qualifying commercial vehicle or infrastructure-
38 related item, the vehicle conversion is complete, or the construction
39 or installation of the infrastructure is complete.

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

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

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

15 ~~(15))~~ The department must conduct outreach to interested parties
16 to obtain input on how best to streamline the application process
17 required for the credit made available in this section and RCW
18 82.16.0496 to further adoption of alternative fuel technologies in
19 commercial vehicle fleets, and must incorporate the findings
20 resulting from this outreach effort into the rules and practices it
21 adopts to implement and administer this section and RCW 82.16.0496 to
22 the extent permitted under law.

23 ~~((16))~~ (15) The definitions in this subsection apply throughout
24 this section unless the context clearly requires otherwise.

25 (a) "Alternative fuel vehicle infrastructure" means structures,
26 machinery, and equipment necessary and integral to support a clean
27 alternative fuel vehicle.

28 (b) "Auto transportation company" means any corporation or person
29 owning, controlling, operating, or managing any motor propelled
30 vehicle, used in the business of transporting persons for
31 compensation over public highways within the state of Washington,
32 between fixed points or over a regular route. For the purposes of
33 this section, "auto transportation company" also includes the
34 following categories of providers irrespective of whether they
35 provide service between fixed points or over a regular route:
36 "Private, nonprofit transportation provider" as defined in RCW
37 81.66.010, "charter party carrier" as defined in RCW 81.70.020, and
38 paratransit service providers who primarily provide special needs
39 transportation to individuals with disabilities and the elderly.

1 (c) "Clean alternative fuel" means electricity, dimethyl ether,
2 hydrogen, methane, natural gas, liquefied natural gas, compressed
3 natural gas, or propane.

4 (d) "Commercial vehicle" means any commercial vehicle that is
5 purchased by a private business and that is used exclusively in the
6 provision of commercial services or the transportation of
7 commodities, merchandise, produce, refuse, freight, animals, or
8 passengers, and that is displaying a Washington state license plate.
9 All commercial vehicles that provide transportation to passengers
10 must be operated by an auto transportation company.

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

14 (f) "Lease reduction factor" means the vehicle gross capitalized
15 cost less the residual value, divided by the gross capitalized cost.

16 (g) "Qualifying used commercial vehicle" means vehicles that:

17 (i) Have an odometer reading of less than (~~four hundred fifty~~
18 ~~thousand~~) 450,000 miles;

19 (ii) Are less than (~~ten~~) 10 years past their original date of
20 manufacture;

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

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

26 (h) "Residual value" means the lease-end value of the vehicle as
27 determined by the lessor, at the end of the lease term included in
28 the lease contract.

29 (~~(17)~~) (16) Credits may be earned under this section from
30 January 1, 2016, until the maximum total credit amount in subsection
31 (1)(b) of this section is reached, except for credits for leased
32 vehicles, which may be earned from July 1, 2016, until the maximum
33 total credit amount in subsection (1)(b) of this section is reached.

34 **Sec. 307.** RCW 82.16.0496 and 2019 c 287 s 13 are each amended to
35 read as follows:

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

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

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

10 (ii) A person who is taxable under this chapter is allowed a
 11 credit against the tax imposed in this chapter for up to (~~(fifty)~~) 50
 12 percent of the cost to purchase alternative fuel vehicle
 13 infrastructure, tangible personal property that will become a
 14 component of alternative fuel vehicle infrastructure, and
 15 installation and construction of alternative fuel vehicle
 16 infrastructure, but excluding the cost of property acquisition and
 17 site improvement related to the installation of alternative fuel
 18 vehicle infrastructure. The credit is subject to a maximum annual
 19 credit amount of (~~(two million dollars)~~) \$2,000,000.

20 (b) On September 1st of each year, any unused credits from any
 21 category identified in (a) of this subsection must be made available
 22 to applicants applying for credits under any other category
 23 identified in (a) of this subsection, subject to the maximum annual
 24 and total credit amounts identified in this subsection. The credit
 25 established in this section and RCW 82.04.4496 is subject to a
 26 maximum annual credit amount of (~~(six million dollars)~~) \$6,000,000,
 27 and a maximum total credit amount of (~~(thirty-two and one-half~~
 28 ~~million dollars)~~) \$32,500,000 beginning July 15, 2015.

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

34 (2) A person who is taxable under this chapter is allowed,
 35 subject to the maximum annual credit per category in subsection
 36 (1)(a) of this section, a credit against the tax imposed in this
 37 chapter for the lesser of (~~(twenty-five thousand dollars)~~) \$25,000 or
 38 (~~(fifty)~~) 50 percent of the costs of converting a commercial vehicle

1 to be principally powered by a clean alternative fuel with a United
2 States environmental protection agency certified conversion.

3 (3) The total credits under subsection (1)(a)(i) of this section
4 may not exceed the lesser of (~~two hundred fifty thousand dollars~~)
5 \$250,000 or (~~twenty-five~~) 25 vehicles per person per calendar year.

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

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

9 (a) The department must disallow any credits, or portion thereof,
10 that would cause the total amount of credits claimed under this
11 section, and RCW 82.04.4496, during any calendar year to exceed (~~six~~
12 ~~million—dollars~~) \$6,000,000. The department must provide
13 notification on its website monthly on the amount of credits that
14 have been applied for, the amount issued, and the amount remaining
15 before the statewide annual limit is reached. In addition, the
16 department must provide written notice to any person who has applied
17 to claim tax credits in excess of the limitation in this subsection.

18 (b) The department must disallow any credits, or portion thereof,
19 that would cause the total amount of credits claimed beginning July
20 15, 2015, under this section and RCW 82.04.4496 to exceed (~~thirty-~~
21 ~~two and one-half million dollars~~) \$32,500,000. The department must
22 provide notification on its website monthly on the total amount of
23 credits that have been applied for, the amount issued, and the amount
24 remaining before the statewide limit is reached. In addition, the
25 department must provide written notice to any person who has applied
26 to claim tax credits in excess of the limitation in this subsection.

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (b) Within (~~fifteen~~) 15 days of notice of credit availability
22 from the department, provide notice of intent to claim the credit
23 including:

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

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

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

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

35 (c) Provide final documentation within (~~thirty~~) 30 days of
36 receipt of the vehicle or infrastructure or infrastructure components
37 or of completion of construction or installation of the
38 infrastructure, including:

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

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

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

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

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

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

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

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

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

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

30 (c) Within (~~fifteen~~) 15 days of receipt of the notice of intent
31 to claim the tax credit, notify the applicant of the approval,
32 denial, or missing information in their notice; and

33 (d) Within (~~fifteen~~) 15 days of receipt of final documentation,
34 review the documentation and notify the person applying of the
35 acceptance of their final documentation.

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

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

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

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

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

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

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

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

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

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

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

35 **Sec. 308.** RCW 82.08.816 and 2019 c 287 s 11 are each amended to
36 read as follows:

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

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

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

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

11 (d) The sale of tangible personal property that will become a
12 component of battery or fuel cell electric vehicle infrastructure
13 during the course of installing, constructing, repairing, or
14 improving battery or fuel cell electric vehicle infrastructure; and

15 (e) The sale of zero emissions buses.

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

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

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

33 (a) "Battery charging station" means an electrical component
34 assembly or cluster of component assemblies designed specifically to
35 charge batteries within electric vehicles, which meet or exceed 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 (b) "Battery exchange station" means a fully automated facility
39 that will enable an electric vehicle with a swappable battery to
40 enter a drive lane and exchange the depleted battery with a fully

1 charged battery through a fully automated process, which meets or
2 exceeds any standards, codes, and regulations set forth by chapter
3 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

4 (c) "Electric vehicle infrastructure" means structures,
5 machinery, and equipment necessary and integral to support a battery
6 or fuel cell electric vehicle, including battery charging stations,
7 rapid charging stations, battery exchange stations, fueling stations
8 that provide hydrogen for fuel cell electric vehicles, and renewable
9 hydrogen production facilities.

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

15 (e) "Renewable hydrogen" means hydrogen produced using renewable
16 resources both as the source for hydrogen and the source for the
17 energy input into the production process.

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

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

25 ((+5+)) (4) This section expires July 1, 2025.

26 **Sec. 309.** RCW 82.12.816 and 2019 c 287 s 12 are each amended to
27 read as follows:

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

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

33 (b) Labor and services rendered in respect to installing,
34 repairing, altering, or improving electric vehicle batteries or fuel
35 cells;

36 (c) Tangible personal property that will become a component of
37 battery or fuel cell electric vehicle infrastructure during the
38 course of installing, constructing, repairing, or improving battery
39 or fuel cell electric vehicle infrastructure; and

1 (d) Zero emissions buses.

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

4 (a) "Battery charging station" means an electrical component
5 assembly or cluster of component assemblies designed specifically to
6 charge batteries within electric vehicles, which meet or exceed 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 (b) "Battery exchange station" means a fully automated facility
10 that will enable an electric vehicle with a swappable battery to
11 enter a drive lane and exchange the depleted battery with a fully
12 charged battery through a fully automated process, which meets or
13 exceeds any standards, codes, and regulations set forth by chapter
14 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

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

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

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

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

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

36 (3) ~~((On the last day of January, April, July, and October of~~
37 ~~each year, the state treasurer, based upon information provided by~~
38 ~~the department, must transfer from the multimodal transportation~~
39 ~~account to the general fund a sum equal to the dollar amount that~~
40 ~~would otherwise have been deposited into the general fund during the~~

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

7 ~~(4))~~) This section expires July 1, 2025.

8 **Sec. 310.** RCW 82.70.040 and 2016 c 32 s 3 are each amended to
9 read as follows:

10 (1) (a) The department must keep a running total of all credits
11 allowed under RCW 82.70.020 during each fiscal year. The department
12 may not allow any credits that would cause the total amount allowed
13 to exceed ~~((two million seven hundred fifty thousand dollars))~~
14 \$2,750,000 in any fiscal year.

15 (b) If the total amount of credit applied for by all applicants
16 in any year exceeds the limit in this subsection, the department must
17 ratably reduce the amount of credit allowed for all applicants so
18 that the limit in this subsection is not exceeded. If a credit is
19 reduced under this subsection, the amount of the reduction may not be
20 carried forward and claimed in subsequent fiscal years.

21 (2) (a) Tax credits under RCW 82.70.020 may not be claimed in
22 excess of the amount of tax otherwise due under chapter 82.04 or
23 82.16 RCW.

24 (b) Through June 30, 2005, a person with taxes equal to or in
25 excess of the credit under RCW 82.70.020, and therefore not subject
26 to the limitation in (a) of this subsection, may elect to defer tax
27 credits for a period of not more than three years after the year in
28 which the credits accrue. For credits approved by the department
29 through June 30, 2015, the approved credit may be carried forward and
30 used for tax reporting periods through December 31, 2016. Credits
31 approved after June 30, 2015, must be used for tax reporting periods
32 within the calendar year for which they are approved by the
33 department and may not be carried forward to subsequent tax reporting
34 periods. Credits carried forward as authorized by this subsection are
35 subject to the limitation in subsection (1) (a) of this section for
36 the fiscal year for which the credits were originally approved.

37 (3) No person may be approved for tax credits under RCW 82.70.020
38 in excess of ~~((one hundred thousand dollars))~~ \$100,000 in any fiscal

1 year. This limitation does not apply to credits carried forward from
2 prior years under subsection (2)(b) of this section.

3 (4) No person may claim tax credits after June 30, 2024.

4 ~~((5) No person is eligible for tax credits under RCW 82.70.020
5 if the additional revenues for the multimodal transportation account
6 created by chapter 361, Laws of 2003 are terminated.))~~

7 **Sec. 311.** RCW 82.70.050 and 2015 3rd sp.s. c 44 s 415 are each
8 amended to read as follows:

9 ~~((1))~~ The director must on the 25th of February, May, August,
10 and November of each year advise the state treasurer of the amount of
11 credit taken under RCW 82.70.020 during the preceding calendar
12 quarter ending on the last day of December, March, June, and
13 September, respectively.

14 ~~((2) On the last day of March, June, September, and December of
15 each year, the state treasurer, based upon information provided by
16 the department, must deposit to the general fund a sum equal to the
17 dollar amount of the credit provided under RCW 82.70.020 from the
18 multimodal transportation account.~~

19 ~~(3) This section expires January 1, 2025.))~~

20 **Sec. 312.** RCW 82.21.030 and 2021 c 333 s 705 are each amended to
21 read as follows:

22 (1)(a) A tax is imposed on the privilege of possession of
23 hazardous substances in this state. Except as provided in (b) of this
24 subsection, the rate of the tax is seven-tenths of one percent
25 multiplied by the wholesale value of the substance. Moneys collected
26 under this subsection (1)(a) must be deposited in the model toxics
27 control capital account.

28 (b) Beginning July 1, 2019, the rate of the tax on petroleum
29 products is one dollar and nine cents per barrel. The tax collected
30 under this subsection (1)(b) on petroleum products must be deposited
31 as follows, after first depositing the tax as provided in (c) of this
32 subsection, except that during the 2021-2023 biennium the deposit as
33 provided in (c) of this subsection may be prorated equally across
34 each month of the biennium:

35 (i) Sixty percent to the model toxics control operating account
36 created under RCW 70A.305.180;

37 (ii) Twenty-five percent to the model toxics control capital
38 account created under RCW 70A.305.190; and

1 (iii) Fifteen percent to the model toxics control stormwater
2 account created under RCW 70A.305.200.

3 (c) Until the beginning of the ensuing biennium after the
4 enactment of an additive transportation funding act, (~~fifty million~~
5 ~~dollars~~) \$50,000,000 per biennium to the motor vehicle fund to be
6 used exclusively for transportation stormwater activities and
7 projects. For purposes of this subsection, "additive transportation
8 funding act" means an act enacted after June 30, 2023, in which the
9 combined total of new revenues deposited into the motor vehicle fund
10 and the multimodal transportation account exceed (~~two billion~~
11 ~~dollars~~) \$2,000,000,000 per biennium attributable solely to an
12 increase in revenue from the enactment of the act.

13 (d) The department must compile a list of petroleum products that
14 are not easily measured on a per barrel basis. Petroleum products
15 identified on the list are subject to the rate under (a) of this
16 subsection in lieu of the volumetric rate under (b) of this
17 subsection. The list will be made in a form and manner prescribed by
18 the department and must be made available on the department's
19 internet website. In compiling the list, the department may accept
20 technical assistance from persons that sell, market, or distribute
21 petroleum products and consider any other resource the department
22 finds useful in compiling the list.

23 (2) Chapter 82.32 RCW applies to the tax imposed in this chapter.
24 The tax due dates, reporting periods, and return requirements
25 applicable to chapter 82.04 RCW apply equally to the tax imposed in
26 this chapter.

27 (3) Beginning July 1, 2020, and every July 1st thereafter, the
28 rate specified in subsection (1)(b) of this section must be adjusted
29 to reflect the percentage change in the implicit price deflator for
30 nonresidential structures as published by the United States
31 department of commerce, bureau of economic analysis for the most
32 recent (~~twelve-month~~) 12-month period ending December 31st of the
33 prior year.

34 **Part IV**

35 **Account Creation, Local Options, and** 36 **Other Provisions**

37 NEW SECTION. **Sec. 401.** A new section is added to chapter 46.68
38 RCW to read as follows:

1 The move ahead WA account is created in the motor vehicle fund.
2 Moneys in the account may be spent only after appropriation.
3 Expenditures from the account must be used only for projects or
4 improvements identified as move ahead WA projects or improvements in
5 an omnibus transportation appropriations act, including any principal
6 and interest on bonds authorized for the projects or improvements.

7 NEW SECTION. **Sec. 402.** A new section is added to chapter 46.68
8 RCW to read as follows:

9 The move ahead WA flexible account is created in the state
10 treasury. Moneys in the account may be spent only after
11 appropriation. Expenditures from the account may be used only for
12 transportation projects, programs, or activities identified as move
13 ahead WA flexible projects, programs, or activities in an omnibus
14 transportation appropriations act.

15 **Sec. 403.** RCW 43.84.092 and 2021 c 199 s 504 are each amended to
16 read as follows:

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

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

36 (3) Except for the provisions of RCW 43.84.160, the treasury
37 income account may be utilized for the payment of purchased banking
38 services on behalf of treasury funds including, but not limited to,

1 depository, safekeeping, and disbursement functions for the state
2 treasury and affected state agencies. The treasury income account is
3 subject in all respects to chapter 43.88 RCW, but no appropriation is
4 required for payments to financial institutions. Payments shall occur
5 prior to distribution of earnings set forth in subsection (4) of this
6 section.

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

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

1 account, The Evergreen State College capital projects account, the
2 fair start for kids account, the ferry bond retirement fund, the
3 fish, wildlife, and conservation account, the freight mobility
4 investment account, the freight mobility multimodal account, the
5 grade crossing protective fund, the public health services account,
6 the state higher education construction account, the higher education
7 construction account, the higher education retirement plan
8 supplemental benefit fund, the highway bond retirement fund, the
9 highway infrastructure account, the highway safety fund, the hospital
10 safety net assessment fund, the Interstate 405 and state route number
11 167 express toll lanes account, the judges' retirement account, the
12 judicial retirement administrative account, the judicial retirement
13 principal account, the limited fish and wildlife account, the local
14 leasehold excise tax account, the local real estate excise tax
15 account, the local sales and use tax account, the marine resources
16 stewardship trust account, the medical aid account, the money-
17 purchase retirement savings administrative account, the money-
18 purchase retirement savings principal account, the motor vehicle
19 fund, the motorcycle safety education account, the move ahead WA
20 account, the move ahead WA flexible account, the multimodal
21 transportation account, the multiuse roadway safety account, the
22 municipal criminal justice assistance account, the oyster reserve
23 land account, the pension funding stabilization account, the
24 perpetual surveillance and maintenance account, the pilotage account,
25 the pollution liability insurance agency underground storage tank
26 revolving account, the public employees' retirement system plan 1
27 account, the public employees' retirement system combined plan 2 and
28 plan 3 account, the public facilities construction loan revolving
29 account, the public health supplemental account, the public works
30 assistance account, the Puget Sound capital construction account, the
31 Puget Sound ferry operations account, the Puget Sound Gateway
32 facility account, the Puget Sound taxpayer accountability account,
33 the real estate appraiser commission account, the recreational
34 vehicle account, the regional mobility grant program account, the
35 resource management cost account, the rural arterial trust account,
36 the rural mobility grant program account, the rural Washington loan
37 fund, the sexual assault prevention and response account, the site
38 closure account, the skilled nursing facility safety net trust fund,
39 the small city pavement and sidewalk account, the special category C
40 account, the special wildlife account, the state investment board

1 expense account, the state investment board commingled trust fund
2 accounts, the state patrol highway account, the state reclamation
3 revolving account, the state route number 520 civil penalties
4 account, the state route number 520 corridor account, the statewide
5 broadband account, the statewide tourism marketing account, the
6 supplemental pension account, the Tacoma Narrows toll bridge account,
7 the teachers' retirement system plan 1 account, the teachers'
8 retirement system combined plan 2 and plan 3 account, the tobacco
9 prevention and control account, the tobacco settlement account, the
10 toll facility bond retirement account, the transportation 2003
11 account (nickel account), the transportation equipment fund, the
12 transportation future funding program account, the transportation
13 improvement account, the transportation improvement board bond
14 retirement account, the transportation infrastructure account, the
15 transportation partnership account, the traumatic brain injury
16 account, the University of Washington bond retirement fund, the
17 University of Washington building account, the voluntary cleanup
18 account, the volunteer firefighters' and reserve officers' relief and
19 pension principal fund, the volunteer firefighters' and reserve
20 officers' administrative fund, the vulnerable roadway user education
21 account, the Washington judicial retirement system account, the
22 Washington law enforcement officers' and firefighters' system plan 1
23 retirement account, the Washington law enforcement officers' and
24 firefighters' system plan 2 retirement account, the Washington public
25 safety employees' plan 2 retirement account, the Washington school
26 employees' retirement system combined plan 2 and 3 account, the
27 Washington state patrol retirement account, the Washington State
28 University building account, the Washington State University bond
29 retirement fund, the water pollution control revolving administration
30 account, the water pollution control revolving fund, the Western
31 Washington University capital projects account, the Yakima integrated
32 plan implementation account, the Yakima integrated plan
33 implementation revenue recovery account, and the Yakima integrated
34 plan implementation taxable bond account. Earnings derived from
35 investing balances of the agricultural permanent fund, the normal
36 school permanent fund, the permanent common school fund, the
37 scientific permanent fund, and the state university permanent fund
38 shall be allocated to their respective beneficiary accounts.

39 (b) Any state agency that has independent authority over accounts
40 or funds not statutorily required to be held in the state treasury

1 that deposits funds into a fund or account in the state treasury
2 pursuant to an agreement with the office of the state treasurer shall
3 receive its proportionate share of earnings based upon each account's
4 or fund's average daily balance for the period.

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

8 **Sec. 404.** RCW 43.84.092 and 2021 c 199 s 505 are each amended to
9 read as follows:

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

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

29 (3) Except for the provisions of RCW 43.84.160, the treasury
30 income account may be utilized for the payment of purchased banking
31 services on behalf of treasury funds including, but not limited to,
32 depository, safekeeping, and disbursement functions for the state
33 treasury and affected state agencies. The treasury income account is
34 subject in all respects to chapter 43.88 RCW, but no appropriation is
35 required for payments to financial institutions. Payments shall occur
36 prior to distribution of earnings set forth in subsection (4) of this
37 section.

38 (4) Monthly, the state treasurer shall distribute the earnings
39 credited to the treasury income account. The state treasurer shall

1 credit the general fund with all the earnings credited to the
2 treasury income account except:

3 (a) The following accounts and funds shall receive their
4 proportionate share of earnings based upon each account's and fund's
5 average daily balance for the period: The abandoned recreational
6 vehicle disposal account, the aeronautics account, the Alaskan Way
7 viaduct replacement project account, the brownfield redevelopment
8 trust fund account, the budget stabilization account, the capital
9 vessel replacement account, the capitol building construction
10 account, the Central Washington University capital projects account,
11 the charitable, educational, penal and reformatory institutions
12 account, the Chehalis basin account, the Chehalis basin taxable
13 account, the cleanup settlement account, the climate active
14 transportation account, the climate transit programs account, the
15 Columbia river basin water supply development account, the Columbia
16 river basin taxable bond water supply development account, the
17 Columbia river basin water supply revenue recovery account, the
18 common school construction fund, the community forest trust account,
19 the connecting Washington account, the county arterial preservation
20 account, the county criminal justice assistance account, the deferred
21 compensation administrative account, the deferred compensation
22 principal account, the department of licensing services account, the
23 department of retirement systems expense account, the developmental
24 disabilities community services account, the diesel idle reduction
25 account, the drinking water assistance account, the administrative
26 subaccount of the drinking water assistance account, the early
27 learning facilities development account, the early learning
28 facilities revolving account, the Eastern Washington University
29 capital projects account, the education construction fund, the
30 education legacy trust account, the election account, the electric
31 vehicle account, the energy freedom account, the energy recovery act
32 account, the essential rail assistance account, The Evergreen State
33 College capital projects account, the fair start for kids account,
34 the ferry bond retirement fund, the fish, wildlife, and conservation
35 account, the freight mobility investment account, the freight
36 mobility multimodal account, the grade crossing protective fund, the
37 public health services account, the state higher education
38 construction account, the higher education construction account, the
39 higher education retirement plan supplemental benefit fund, the
40 highway bond retirement fund, the highway infrastructure account, the

1 highway safety fund, the hospital safety net assessment fund, the
2 Interstate 405 and state route number 167 express toll lanes account,
3 the judges' retirement account, the judicial retirement
4 administrative account, the judicial retirement principal account,
5 the limited fish and wildlife account, the local leasehold excise tax
6 account, the local real estate excise tax account, the local sales
7 and use tax account, the marine resources stewardship trust account,
8 the medical aid account, the money-purchase retirement savings
9 administrative account, the money-purchase retirement savings
10 principal account, the motor vehicle fund, the motorcycle safety
11 education account, the move ahead WA account, the move ahead WA
12 flexible account, the multimodal transportation account, the multiuse
13 roadway safety account, the municipal criminal justice assistance
14 account, the oyster reserve land account, the pension funding
15 stabilization account, the perpetual surveillance and maintenance
16 account, the pilotage account, the pollution liability insurance
17 agency underground storage tank revolving account, the public
18 employees' retirement system plan 1 account, the public employees'
19 retirement system combined plan 2 and plan 3 account, the public
20 facilities construction loan revolving account, the public health
21 supplemental account, the public works assistance account, the Puget
22 Sound capital construction account, the Puget Sound ferry operations
23 account, the Puget Sound Gateway facility account, the Puget Sound
24 taxpayer accountability account, the real estate appraiser commission
25 account, the recreational vehicle account, the regional mobility
26 grant program account, the resource management cost account, the
27 rural arterial trust account, the rural mobility grant program
28 account, the rural Washington loan fund, the sexual assault
29 prevention and response account, the site closure account, the
30 skilled nursing facility safety net trust fund, the small city
31 pavement and sidewalk account, the special category C account, the
32 special wildlife account, the state investment board expense account,
33 the state investment board commingled trust fund accounts, the state
34 patrol highway account, the state reclamation revolving account, the
35 state route number 520 civil penalties account, the state route
36 number 520 corridor account, the statewide broadband account, the
37 statewide tourism marketing account, the supplemental pension
38 account, the Tacoma Narrows toll bridge account, the teachers'
39 retirement system plan 1 account, the teachers' retirement system
40 combined plan 2 and plan 3 account, the tobacco prevention and

1 control account, the tobacco settlement account, the toll facility
2 bond retirement account, the transportation 2003 account (nickel
3 account), the transportation equipment fund, the transportation
4 future funding program account, the transportation improvement
5 account, the transportation improvement board bond retirement
6 account, the transportation infrastructure account, the
7 transportation partnership account, the traumatic brain injury
8 account, the University of Washington bond retirement fund, the
9 University of Washington building account, the voluntary cleanup
10 account, the volunteer firefighters' and reserve officers' relief and
11 pension principal fund, the volunteer firefighters' and reserve
12 officers' administrative fund, the vulnerable roadway user education
13 account, the Washington judicial retirement system account, the
14 Washington law enforcement officers' and firefighters' system plan 1
15 retirement account, the Washington law enforcement officers' and
16 firefighters' system plan 2 retirement account, the Washington public
17 safety employees' plan 2 retirement account, the Washington school
18 employees' retirement system combined plan 2 and 3 account, the
19 Washington state patrol retirement account, the Washington State
20 University building account, the Washington State University bond
21 retirement fund, the water pollution control revolving administration
22 account, the water pollution control revolving fund, the Western
23 Washington University capital projects account, the Yakima integrated
24 plan implementation account, the Yakima integrated plan
25 implementation revenue recovery account, and the Yakima integrated
26 plan implementation taxable bond account. Earnings derived from
27 investing balances of the agricultural permanent fund, the normal
28 school permanent fund, the permanent common school fund, the
29 scientific permanent fund, and the state university permanent fund
30 shall be allocated to their respective beneficiary accounts.

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

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

1 **Sec. 405.** RCW 82.47.020 and 1991 c 173 s 1 are each amended to
2 read as follows:

3 (1) The legislative authority of a border area jurisdiction may,
4 by resolution for the purposes authorized in this chapter and by
5 approval of a majority of the registered voters of the jurisdiction
6 voting on the proposition at a general or special election, fix and
7 impose an excise tax on the retail sale of motor vehicle fuel and
8 special fuel within the jurisdiction. An election held under this
9 section must be held not more than (~~twelve~~) 12 months before the
10 date on which the proposed tax is to be levied. The ballot setting
11 forth the proposition (~~shall~~) must state the tax rate that is
12 proposed. The rate of such tax (~~shall be in increments of one-tenth~~
13 ~~of a cent per gallon and shall~~) may not exceed (~~one cent~~) two
14 cents per gallon for ballot propositions submitted in calendar year
15 2022. For ballot propositions submitted after calendar year 2022,
16 this two cents per gallon maximum tax rate may be adjusted to reflect
17 the percentage change in the implicit price deflator for personal
18 consumption expenditures for the United States as published by the
19 bureau of economic analysis of the federal department of commerce,
20 for the period of time between calendar year 2022 and when the tax is
21 placed on the ballot for voter approval.

22 (2) The tax imposed in this section shall be collected and paid
23 to the jurisdiction but once in respect to any motor vehicle fuel or
24 special fuel. This tax shall be in addition to any other tax
25 authorized or imposed by law.

26 (3) For purposes of this chapter, the term "border area
27 jurisdictions" means all cities and towns within (~~ten~~) 10 miles of
28 an international border crossing and any transportation benefit
29 district established under RCW 36.73.020 which has within its
30 boundaries an international border crossing.

31 **Sec. 406.** RCW 35.21.870 and 2014 c 216 s 306 are each amended to
32 read as follows:

33 (1) No city or town may impose a tax on the privilege of
34 conducting an electrical energy, natural gas, steam energy, or
35 telephone business at a rate which exceeds six percent unless the
36 rate is first approved by a majority of the voters of the city or
37 town voting on such a proposition, except as allowed under subsection
38 (5) of this section.

1 (2) (a) If a city or town is imposing a rate of tax under
2 subsection (1) of this section in excess of six percent on April 20,
3 1982, the city or town must decrease the rate to a rate of six
4 percent or less by reducing the rate each year on or before November
5 1st by ordinances to be effective on January 1st of the succeeding
6 year, by an amount equal to one-tenth the difference between the tax
7 rate on April 20, 1982, and six percent.

8 (b) Nothing in this subsection prohibits a city or town from
9 reducing its rates by amounts greater than the amounts required in
10 this subsection.

11 (3) Voter approved rate increases under subsection (1) of this
12 section may not be included in the computations under this
13 subsection.

14 (4) No city or town may impose a tax on the privilege of
15 conducting a natural gas business with respect to sales that are
16 exempt from the tax imposed under chapter 82.16 RCW as provided in
17 RCW 82.16.310 at a rate higher than its business and occupation tax
18 rate on the sale of tangible personal property or, if the city or
19 town does not impose a business and occupation tax on the sale of
20 tangible personal property, at a rate greater than .002.

21 (5) (a) A city or town may impose a tax of up to two percent,
22 which may be in addition to the amount imposed pursuant to subsection
23 (1) of this section, on the privilege of conducting a natural gas,
24 steam energy, or telephone business.

25 (b) The proceeds of any tax imposed pursuant to this subsection
26 (5) must be used exclusively for transportation improvements, which
27 must be contained in the transportation plan of the state, a regional
28 transportation planning organization, city, or county. A project may
29 include, but is not limited to, investment in new or existing
30 highways of statewide significance, principal arterials of regional
31 significance, high capacity transportation, public transportation,
32 and other transportation projects and programs of regional or
33 statewide significance including transportation demand management.
34 Projects may also include, but are not limited to, the operation,
35 preservation, and maintenance of these facilities or programs.

36 **Sec. 407.** RCW 36.73.065 and 2015 3rd sp.s. c 44 s 309 are each
37 amended to read as follows:

38 (1) Except as provided in subsection (4) of this section, taxes,
39 fees, charges, and tolls may not be imposed by a district without

1 approval of a majority of the voters in the district voting on a
2 proposition at a general or special election. The proposition must
3 include a specific description of: (a) The transportation improvement
4 or improvements proposed by the district; (b) any rebate program
5 proposed to be established under RCW 36.73.067; and (c) the proposed
6 taxes, fees, charges, and the range of tolls imposed by the district
7 to raise revenue to fund the improvement or improvements or rebate
8 program, as applicable.

9 (2) Voter approval under this section must be accorded
10 substantial weight regarding the validity of a transportation
11 improvement as defined in RCW 36.73.015.

12 (3) A district may not increase any taxes, fees, charges, or
13 range of tolls imposed or change a rebate program under this chapter
14 once the taxes, fees, charges, tolls, or rebate program takes effect,
15 except:

16 (a) If authorized by the district voters pursuant to RCW
17 36.73.160;

18 (b) With respect to a change in a rebate program, a material
19 change policy adopted pursuant to RCW 36.73.160 is followed and the
20 change does not reduce the percentage level or rebate amount;

21 (c) For up to (~~forty dollars~~) \$40 of the vehicle fee authorized
22 in RCW 82.80.140 by the governing board of the district if a vehicle
23 fee of (~~twenty dollars~~) \$20 has been imposed for at least (~~twenty-~~
24 ~~four~~) 24 months; (~~or~~)

25 (d) For up to (~~fifty dollars~~) \$50 of the vehicle fee authorized
26 in RCW 82.80.140 by the governing board of the district if a vehicle
27 fee of (~~forty dollars~~) \$40 has been imposed for at least (~~twenty-~~
28 ~~four~~) 24 months and a district has met the requirements of
29 subsection (6) of this section; or

30 (e) For up to three-tenths of one percent of the selling price,
31 in the case of a sales tax, or value of the article used, in the case
32 of a use tax, pursuant to the sales and use tax authorized in RCW
33 82.14.0455.

34 (4) (a) A district that includes all the territory within the
35 boundaries of the jurisdiction, or jurisdictions, establishing the
36 district may impose by a majority vote of the governing board of the
37 district the following fees, taxes, and charges:

38 (i) Up to (~~twenty dollars~~) \$20 of the vehicle fee authorized in
39 RCW 82.80.140;

1 (ii) Up to (~~forty dollars~~) \$40 of the vehicle fee authorized in
2 RCW 82.80.140 if a vehicle fee of (~~twenty dollars~~) \$20 has been
3 imposed for at least (~~twenty-four~~) 24 months;

4 (iii) Up to (~~fifty dollars~~) \$50 of the vehicle fee authorized
5 in RCW 82.80.140 if a vehicle fee of forty dollars has been imposed
6 for at least (~~twenty-four~~) 24 months and a district has met the
7 requirements of subsection (6) of this section; (~~or~~)

8 (iv) A fee or charge in accordance with RCW 36.73.120; or

9 (v) Up to one-tenth of one percent of the sales and use tax in
10 accordance with RCW 82.14.0455.

11 (b) The vehicle fee authorized in (a) of this subsection may only
12 be imposed for a passenger-only ferry transportation improvement if
13 the vehicle fee is first approved by a majority of the voters within
14 the jurisdiction of the district.

15 (c)(i) A district solely comprised of a city or cities may not
16 impose the fees or charges identified in (a) of this subsection
17 within (~~one hundred eighty~~) 180 days after July 22, 2007, unless
18 the county in which the city or cities reside, by resolution,
19 declares that it will not impose the fees or charges identified in
20 (a) of this subsection within the (~~one hundred eighty-day~~) 180-day
21 period; or

22 (ii) A district solely comprised of a city or cities identified
23 in RCW 36.73.020(6)(b) may not impose the fees or charges until after
24 May 22, 2008, unless the county in which the city or cities reside,
25 by resolution, declares that it will not impose the fees or charges
26 identified in (a) of this subsection through May 22, 2008.

27 (5) If the interlocal agreement in RCW 82.80.140(2)(a) cannot be
28 reached, a district that includes only the unincorporated territory
29 of a county may impose by a majority vote of the governing body of
30 the district up to: (a) (~~Twenty dollars~~) \$20 of the vehicle fee
31 authorized in RCW 82.80.140, (b) (~~forty dollars~~) \$40 of the vehicle
32 fee authorized in RCW 82.80.140 if a fee of (~~twenty dollars~~) \$20
33 has been imposed for at least (~~twenty-four~~) 24 months, or (c)
34 (~~fifty dollars~~) \$50 of the vehicle fee authorized in RCW 82.80.140
35 if a vehicle fee of (~~forty dollars~~) \$40 has been imposed for at
36 least (~~twenty-four~~) 24 months and a district has met the
37 requirements of subsection (6) of this section.

38 (6) If a district intends to impose a vehicle fee of more than
39 (~~forty dollars~~) \$40 by a majority vote of the governing body of the
40 district, the governing body must publish notice of this intention,

1 in one or more newspapers of general circulation within the district,
2 by April 1st of the year in which the vehicle fee is to be imposed.
3 If within (~~ninety~~) 90 days of the date of publication a petition is
4 filed with the county auditor containing the signatures of eight
5 percent of the number of voters registered and voting in the district
6 for the office of the governor at the last preceding gubernatorial
7 election, the county auditor must canvass the signatures in the same
8 manner as prescribed in RCW 29A.72.230 and certify their sufficiency
9 to the governing body within two weeks. The proposition to impose the
10 vehicle fee must then be submitted to the voters of the district at a
11 special election, called for this purpose, no later than the date on
12 which a primary election would be held under RCW 29A.04.311. The
13 vehicle fee may then be imposed only if approved by a majority of the
14 voters of the district voting on the proposition.

15 **Sec. 408.** RCW 82.14.0455 and 2010 c 105 s 3 are each amended to
16 read as follows:

17 (1) Subject to the provisions in RCW 36.73.065, a transportation
18 benefit district under chapter 36.73 RCW may fix and impose a sales
19 and use tax in accordance with the terms of this chapter. The tax
20 authorized in this section is in addition to any other taxes
21 authorized by law and shall be collected from those persons who are
22 taxable by the state under chapters 82.08 and 82.12 RCW upon the
23 occurrence of any taxable event within the boundaries of the
24 district. The rate of tax shall not exceed (~~two-tenths~~) three-
25 tenths of one percent of the selling price in the case of a sales
26 tax, or value of the article used, in the case of a use tax. Except
27 as provided in subsection (2) of this section, the tax may not be
28 imposed for a period exceeding (~~ten~~) 10 years. This tax, if not
29 imposed under the conditions of subsection (2) of this section, may
30 be extended for a period not exceeding (~~ten~~) 10 years with an
31 affirmative vote of the voters voting at the election or a majority
32 vote of the governing board of the district. The governing board of
33 the district may only fix, impose, or extend a sales and use tax of
34 up to one-tenth of one percent of the selling price in the case of a
35 sales tax, or value of the article used, in the case of a use tax.

36 (2) The voter-approved sales tax initially imposed under this
37 section after July 1, 2010, may be imposed for a period exceeding
38 (~~ten~~) 10 years if the moneys received under this section are

1 dedicated for the repayment of indebtedness incurred in accordance
2 with the requirements of chapter 36.73 RCW.

3 (3) Money received from the tax imposed under this section must
4 be spent in accordance with the requirements of chapter 36.73 RCW.

5 NEW SECTION. **Sec. 409.** A new section is added to chapter
6 70A.535 RCW to read as follows:

7 (1) The department shall adopt rules that establish standards
8 that reduce carbon intensity in transportation fuels used in
9 Washington. The standards established by the rules must be based on
10 the carbon intensity of gasoline and gasoline substitutes and the
11 carbon intensity of diesel and diesel substitutes. The standards:

12 (a) Must reduce the overall, aggregate carbon intensity of
13 transportation fuels used in Washington;

14 (b) May only require carbon intensity reductions at the aggregate
15 level of all transportation fuels and may not require a reduction in
16 carbon intensity to be achieved by any individual type of
17 transportation fuel;

18 (c) Must assign a compliance obligation to fuels whose carbon
19 intensity exceeds the standards adopted by the department, consistent
20 with the requirements of RCW 70A.535.030; and

21 (d) Must assign credits that can be used to satisfy or offset
22 compliance obligations to fuels whose carbon intensity is below the
23 standards adopted by the department and that elect to participate in
24 the program, consistent with the requirements of RCW 70A.535.030.

25 (2) The clean fuels program adopted by the department must be
26 designed such that:

27 (a) Regulated parties generate deficits and may reconcile the
28 deficits, and thus comply with the clean fuels program standards for
29 a compliance period, by obtaining and retiring credits;

30 (b) Regulated parties and credit generators may generate credits
31 for fuels used as substitutes or alternatives for gasoline or diesel;

32 (c) Regulated parties, credit generators, and credit aggregators
33 shall have opportunities to trade credits; and

34 (d) Regulated parties shall be allowed to carry over to the next
35 compliance period a small deficit without penalty.

36 (3) The department shall, throughout a compliance period,
37 regularly monitor the availability of fuels needed for compliance
38 with the clean fuels program.

1 (4) (a) Under the clean fuels program, the department shall
2 monthly calculate the volume-weighted average price of credits and,
3 no later than the last day of the month immediately following the
4 month for which the calculation is completed, post the formula and
5 the nonaggregated data the department used for the calculation and
6 the results of the calculation on the department's website.

7 (b) In completing the calculation required by this subsection,
8 the department may exclude from the data set credit transfers without
9 a price or other credit transfers made for a price that falls two
10 standard deviations outside of the mean credit price for the month.
11 Data posted on the department's website under this section may not
12 include any individually identifiable information or information that
13 would constitute a trade secret.

14 (5) (a) Except as provided in this section, the rules adopted
15 under this section must reduce the greenhouse gas emissions
16 attributable to each unit of the fuels to 20 percent below 2017
17 levels by 2038 based on the following schedule:

18 (i) No more than 0.5 percent each year in 2023 and 2024;

19 (ii) No more than an additional one percent each year beginning
20 in 2025 through 2027;

21 (iii) No more than an additional 1.5 percent each year beginning
22 in 2028 through 2031; and

23 (iv) No change in 2032 and 2033.

24 (b) The rules must establish a start date for the clean fuels
25 program of no later than January 1, 2023.

26 (6) Beginning with the program year beginning in calendar year
27 2028, the department may not increase the carbon intensity reductions
28 required by the applicable clean fuels program standard adopted by
29 the department under subsection (5) of this section beyond a 10
30 percent reduction in carbon intensity until the department
31 demonstrates that the following have occurred:

32 (a) At least a 15 percent net increase in the volume of in-state
33 liquid biofuel production and the use of feedstocks grown or produced
34 within the state relative to the start of the program; and

35 (b) At least one new or expanded biofuel production facility
36 representing an increase in production capacity or producing, in
37 total, in excess of 60,000,000 gallons of biofuels per year has or
38 have received after July 1, 2021, all necessary siting, operating,
39 and environmental permits post all timely and applicable appeals. As
40 part of the threshold of 60,000,000 gallons of biofuel under this

1 subsection, at least one new facility producing at least 10,000,000
2 gallons per year must have received all necessary siting, operating,
3 and environmental permits. Timely and applicable appeals must be
4 determined by the attorney general's office.

5 (7) Beginning with the program year beginning in calendar year
6 2031, the department may not increase the carbon intensity reductions
7 required by the applicable clean fuels program standard adopted by
8 the department under subsection (5) of this section beyond a 10
9 percent reduction in carbon intensity until the:

10 (a) Joint legislative audit and review committee report required
11 in RCW 70A.535.140 has been completed; and

12 (b) 2033 regular legislative session has adjourned, in order to
13 allow an opportunity for the legislature to amend the requirements of
14 this chapter in light of the report required in (a) of this
15 subsection.

16 (8) Transportation fuels exported from Washington are not subject
17 to the greenhouse gas emissions reduction requirements in this
18 section.

19 (9) To the extent the requirements of this chapter conflict with
20 the requirements of chapter 19.112 RCW, the requirements of this
21 chapter prevail.

22 **Sec. 410.** RCW 70A.535.010 and 2021 c 317 s 2 are each amended to
23 read as follows:

24 The definitions in this section apply throughout this chapter
25 unless the context clearly indicates otherwise.

26 (1) "Carbon dioxide equivalents" has the same meaning as defined
27 in RCW 70A.45.010.

28 (2) "Carbon intensity" means the quantity of life-cycle
29 greenhouse gas emissions, per unit of fuel energy, expressed in grams
30 of carbon dioxide equivalent per megajoule (gCO₂e/MJ).

31 (3) "Clean fuels program" means the requirements established
32 under this chapter.

33 (4) "Cost" means an expense connected to the manufacture,
34 distribution, or other aspects of the provision of a transportation
35 fuel product.

36 (5) "Credit" means a unit of measure generated when a
37 transportation fuel with a carbon intensity that is less than the
38 applicable standard adopted by the department under ((RCW
39 ~~70A.535.020~~)) section 409 of this act is produced, imported, or

1 dispensed for use in Washington, such that one credit is equal to one
2 metric ton of carbon dioxide equivalents. A credit may also be
3 generated through other activities consistent with this chapter.

4 (6) "Deficit" means a unit of measure generated when a
5 transportation fuel with a carbon intensity that is greater than the
6 applicable standard adopted by the department under ((RCW
7 ~~70A.535.020~~)) section 409 of this act is produced, imported, or
8 dispensed for use in Washington, such that one deficit is equal to
9 one metric ton of carbon dioxide equivalents.

10 (7) "Department" means the department of ecology.

11 (8) "Electric utility" means a consumer-owned utility or
12 investor-owned utility, as those terms are defined in RCW 19.29A.010.

13 (9) "Greenhouse gas" has the same meaning as defined in RCW
14 70A.45.010.

15 (10) "Military tactical vehicle" means a motor vehicle owned by
16 the United States department of defense or the United States military
17 services and that is used in combat, combat support, combat service
18 support, tactical or relief operations, or training for such
19 operations.

20 (11) "Motor vehicle" has the same meaning as defined in RCW
21 46.04.320.

22 (12) "Price" means the amount of payment or compensation provided
23 as consideration for a specified quantity of transportation fuel by a
24 consumer or end user of the transportation fuel.

25 (13) "Regulated party" means a producer or importer of any amount
26 of a transportation fuel that is ineligible to generate credits under
27 this chapter.

28 (14)(a) "Tactical support equipment" means equipment using a
29 portable engine, including turbines, that meets military
30 specifications, owned by the United States military services or its
31 allies, and that is used in combat, combat support, combat service
32 support, tactical or relief operations, or training for such
33 operations.

34 (b) "Tactical support equipment" includes, but is not limited to,
35 engines associated with portable generators, aircraft start carts,
36 heaters, and lighting carts.

37 (15) "Transportation fuel" means electricity and any liquid or
38 gaseous fuel sold, supplied, offered for sale, or used for the
39 propulsion of a motor vehicle or that is intended for use for
40 transportation purposes.

1 **Sec. 411.** RCW 70A.535.030 and 2021 c 317 s 4 are each amended to
2 read as follows:

3 The rules adopted by the department to achieve the greenhouse gas
4 emissions reductions per unit of fuel energy specified in ((RCW
5 ~~70A.535.020~~) section 409 of this act must include, but are not
6 limited to, the following:

7 (1) Standards for greenhouse gas emissions attributable to the
8 transportation fuels throughout their life cycles, including but not
9 limited to emissions from the production, storage, transportation,
10 and combustion of transportation fuels and from changes in land use
11 associated with transportation fuels and any permanent greenhouse gas
12 sequestration activities.

13 (a) The rules adopted by the department under this subsection (1)
14 may:

15 (i) Include provisions to address the efficiency of a fuel as
16 used in a powertrain as compared to a reference fuel;

17 (ii) Consider carbon intensity calculations for transportation
18 fuels developed by national laboratories or used by similar programs
19 in other states; and

20 (iii) Consider changes in land use and any permanent greenhouse
21 gas sequestration activities associated with the production of any
22 type of transportation fuel.

23 (b) The rules adopted by the department under this subsection (1)
24 must:

25 (i) Neutrally consider the life-cycle emissions associated with
26 transportation fuels with respect to the political jurisdiction in
27 which the fuels originated and may not discriminate against fuels on
28 the basis of having originated in another state or jurisdiction.
29 Nothing in this subsection may be construed to prohibit inclusion or
30 assessment of emissions related to fuel production, storage,
31 transportation, or combustion or associated changes in land use in
32 determining the carbon intensity of a fuel;

33 (ii) Measure greenhouse gas emissions associated with electricity
34 and hydrogen based on a mix of generation resources specific to each
35 electric utility participating in the clean fuels program. The
36 department may apply an asset-controlling supplier emission factor
37 certified or approved by a similar program to reduce the greenhouse
38 gas emissions associated with transportation fuels in another state;

1 (iii) Include mechanisms for certifying electricity that has a
2 carbon intensity of zero. This electricity must include, at minimum,
3 electricity:

4 (A) For which a renewable energy credit or other environmental
5 attribute has been retired or used; and

6 (B) Produced using a zero emission resource including, but not
7 limited to, solar, wind, geothermal, or the industrial combustion of
8 biomass consistent with RCW 70A.45.020(3), that is directly supplied
9 as a transportation fuel by the generator of the electricity to a
10 metered customer for electric vehicle charging or refueling;

11 (iv) Allow the generation of credits associated with electricity
12 with a carbon intensity lower than that of standard adopted by the
13 department. The department may not require electricity to have a
14 carbon intensity of zero in order to be eligible to generate credits
15 from use as a transportation fuel; and

16 (v) Include procedures for setting and adjusting the amounts of
17 greenhouse gas emissions per unit of fuel energy that is assigned to
18 transportation fuels under this subsection.

19 (c) If the department determines that it is necessary for
20 purposes of accurately measuring greenhouse gas emissions associated
21 with transportation fuels, the department may require transportation
22 fuel suppliers to submit data or information to be used for purposes
23 of calculating greenhouse gas emissions that is different from or
24 additional to the greenhouse gas emissions data reported under RCW
25 70A.15.2200(5)(a)(iii).

26 (d) If the department determines that it is necessary for
27 purposes of accurately measuring greenhouse gas emissions associated
28 with electricity supplied to retail customers or hydrogen production
29 facilities by an electric utility, the department may require
30 electric utilities participating in the clean fuels program to submit
31 data or information to be used for purposes of calculating greenhouse
32 gas emissions that is different from or additional to the fuel mix
33 disclosure information submitted under chapter 19.29A RCW. To the
34 extent practicable, rules adopted by the department may allow data
35 requested of utilities to be submitted in a form and manner
36 consistent with other required state or federal data submissions;

37 (2) Provisions allowing for the achievement of limits on the
38 greenhouse gas emissions intensity of transportation fuels in ((RCW
39 ~~70A.535.020~~)) section 409 of this act to be achieved by any
40 combination of credit generating activities capable of meeting such

1 standards. Where such provisions would not produce results counter to
2 the emission reduction goals of the program or prove administratively
3 burdensome for the department, the rules should provide each
4 participant in the clean fuels program with the opportunity to
5 demonstrate appropriate carbon intensity values taking into account
6 both emissions from production facilities and elsewhere in the
7 production cycle, including changes in land use and permanent
8 greenhouse gas sequestration activities;

9 (3) (a) Methods for assigning compliance obligations and methods
10 for tracking tradable credits. The department may assign the
11 generation of a credit when a fuel with associated life-cycle
12 greenhouse gas emissions that are lower than the applicable per-unit
13 standard adopted by the department under (~~RCW 70A.535.020~~) section
14 409 of this act is produced, imported, or dispensed for use in
15 Washington, or when specified activities are undertaken that support
16 the reduction of greenhouse gas emissions associated with
17 transportation in Washington;

18 (b) Mechanisms that allow credits to be traded and to be banked
19 for future compliance periods; and

20 (c) Procedures for verifying the validity of credits and deficits
21 generated under the clean fuels program;

22 (4) Mechanisms to elect to participate in the clean fuels program
23 for persons associated with the supply chains of transportation fuels
24 that are eligible to generate credits consistent with subsection (3)
25 of this section, including producers, importers, distributors, users,
26 or retailers of such fuels, and electric vehicle manufacturers;

27 (5) Mechanisms for persons associated with the supply chains of
28 transportation fuels that are used for purposes that are exempt from
29 the clean fuels program compliance obligations including, but not
30 limited to, fuels used by aircraft, vessels, railroad locomotives,
31 and other exempt fuels specified in RCW 70A.535.040, to elect to
32 participate in the clean fuels program by earning credits for the
33 production, import, distribution, use, or retail of exempt fuels with
34 associated life-cycle greenhouse gas emissions lower than the per-
35 unit standard established in (~~RCW 70A.535.020~~) section 409 of this
36 act;

37 (6) Mechanisms that allow for the assignment of credits to an
38 electric utility for electricity used within its utility service
39 area, at minimum, for residential electric vehicle charging or
40 fueling;

1 (7) Cost containment mechanisms.

2 (a) Cost containment mechanisms must include the credit clearance
3 market specified in subsection (8) of this section and may also
4 include, but are not limited to:

5 (i) Procedures similar to the credit clearance market required in
6 subsection (8) of this section that provide a means of compliance
7 with the clean fuels program requirements in the event that a
8 regulated person has not been able to acquire sufficient volumes of
9 credits at the end of a compliance period; or

10 (ii) Similar procedures that ensure that credit prices do not
11 significantly exceed credit prices in other jurisdictions that have
12 adopted similar programs to reduce the carbon intensity of
13 transportation fuels.

14 (b) Any cost containment mechanisms must be designed to provide
15 financial disincentive for regulated persons to rely on the cost
16 containment mechanism for purposes of program compliance instead of
17 seeking to generate or acquire sufficient credits under the program.

18 (c) The department shall harmonize the program's cost containment
19 mechanisms with the cost containment rules in the states specified in
20 RCW 70A.535.060(1).

21 (d) The department shall consider mechanisms such as the
22 establishment of a credit price cap or other alternative cost
23 containment measures if deemed necessary to harmonize market credit
24 costs with those in the states specified in RCW 70A.535.060(1);

25 (8)(a)(i) A credit clearance market for any compliance period in
26 which at least one regulated party reports that the regulated party
27 has a net deficit balance at the end of the compliance period, after
28 retirement of all credits held by the regulated party, that is
29 greater than a small deficit. A regulated party described by this
30 subsection is required to participate in the credit clearance market.

31 (ii) If a regulated party has a small deficit at the end of a
32 compliance period, the regulated party shall notify the department
33 that it will achieve compliance with the clean fuels program during
34 the compliance period by either: (A) Participating in a credit
35 clearance market; or (B) carrying forward the small deficit.

36 (b) For the purposes of administering a credit clearance market
37 required by this section, the department shall:

38 (i) Allow any regulated party, credit generator, or credit
39 aggregator that holds excess credits at the end of the compliance
40 period to voluntarily participate in the credit clearance market as a

1 seller by pledging a specified number of credits for sale in the
2 market;

3 (ii) Require each regulated party participating in the credit
4 clearance market as purchaser of credits to:

5 (A) Have retired all credits in the regulated party's possession
6 prior to participating in the credit clearance market; and

7 (B) Purchase the specified number of the total pledged credits
8 that the department has determined are that regulated party's pro
9 rata share of the pledged credits;

10 (iii) Require all sellers to:

11 (A) Agree to sell pledged credits at a price no higher than a
12 maximum price for credits;

13 (B) Accept all offers to purchase pledged credits at the maximum
14 price for credits; and

15 (C) Agree to withhold any pledged credits from sale in any
16 transaction outside of the credit clearance market until the end of
17 the credit clearance market, or if no credit clearance market is held
18 in a given year, then until the date on which the department
19 announces it will not be held.

20 (c)(i) The department shall set a maximum price for credits in a
21 credit clearance market, consistent with states that have adopted
22 similar clean fuels programs, not to exceed \$200 in 2018 dollars for
23 2023.

24 (ii) For 2024 and subsequent years, the maximum price may exceed
25 \$200 in 2018 dollars, but only to the extent that a greater maximum
26 price for credits is necessary to annually adjust for inflation,
27 beginning on January 1, 2024, pursuant to the increase, if any, from
28 the preceding calendar year in the consumer price index for all urban
29 consumers, west region (all items), as published by the bureau of
30 labor statistics of the United States department of labor.

31 (d) A regulated party that has a net deficit balance after the
32 close of a credit clearance market:

33 (i) Must carry over the remaining deficits into the next
34 compliance period; and

35 (ii) May not be subject to interest greater than five percent,
36 penalties, or assertions of noncompliance that accrue based on the
37 carryover of deficits under this subsection.

38 (e) If a regulated party has been required under (a) of this
39 subsection to participate as a purchaser in two consecutive credit
40 clearance markets and continues to have a net deficit balance after

1 the close of the second consecutive credit clearance market, the
2 department shall complete, no later than two months after the close
3 of the second credit clearance market, an analysis of the root cause
4 of an inability of the regulated party to retire the remaining
5 deficits. The department may recommend and implement any remedy that
6 the department determines is necessary to address the root cause
7 identified in the analysis including, but not limited to, issuing a
8 deferral, provided that the remedy implemented does not:

9 (i) Require a regulated party to purchase credits for an amount
10 that exceeds the maximum price for credits in the most recent credit
11 clearance market; or

12 (ii) Compel a person to sell credits.

13 (f) If credits sold in a credit clearance market are subsequently
14 invalidated as a result of fraud or any other form of noncompliance
15 on the part of the generator of the credit, the department may not
16 pursue civil penalties against, or require credit replacement by, the
17 regulated party that purchased the credits unless the regulated party
18 was a party to the fraud or other form of noncompliance.

19 (g) The department may not disclose the deficit balances or pro
20 rata share purchase requirements of a regulated party that
21 participates in the credit clearance market;

22 (9) Authority for the department to designate an entity to
23 aggregate and use unclaimed credits associated with persons that
24 elect not to participate in the clean fuels program under subsection
25 (4) of this section.

26 **Sec. 412.** RCW 70A.535.040 and 2021 c 317 s 5 are each amended to
27 read as follows:

28 (1) The rules adopted under RCW (~~70A.535.020 and~~) 70A.535.030
29 and section 409 of this act must include exemptions for, at minimum,
30 the following transportation fuels:

31 (a) Fuels used in volumes below thresholds adopted by the
32 department;

33 (b) Fuels used for the propulsion of all aircraft, vessels, and
34 railroad locomotives; and

35 (c) Fuels used for the operation of military tactical vehicles
36 and tactical support equipment.

37 (2)(a) The rules adopted under RCW (~~70A.535.020 and~~)
38 70A.535.030 and section 409 of this act must exempt the following

1 transportation fuels from greenhouse gas emissions intensity
2 reduction requirements until January 1, 2028:

3 (i) Special fuel used off-road in vehicles used primarily to
4 transport logs;

5 (ii) Dyed special fuel used in vehicles that are not designed
6 primarily to transport persons or property, that are not designed to
7 be primarily operated on highways, and that are used primarily for
8 construction work including, but not limited to, mining and timber
9 harvest operations; and

10 (iii) Dyed special fuel used for agricultural purposes exempt
11 from chapter 82.38 RCW.

12 (b) Prior to January 1, 2028, fuels identified in this subsection
13 (2) are eligible to generate credits, consistent with subsection (5)
14 of this section. Beginning January 1, 2028, the fuels identified in
15 this subsection (2) are subject to the greenhouse gas emissions
16 intensity reduction requirements applicable to transportation fuels
17 specified in (~~RCW 70A.535.020~~) section 409 of this act.

18 (3) The department may adopt rules to specify the standards for
19 persons to qualify for the exemptions provided in this section. The
20 department may implement the exemptions under subsection (2) of this
21 section to align with the implementation of exemptions for similar
22 fuels exempt from chapter 82.38 RCW.

23 (4) The rules adopted under RCW (~~70A.535.020 and~~) 70A.535.030
24 and section 409 of this act may include exemptions in addition to
25 those described in subsections (1) and (2) of this section, but only
26 if such exemptions are necessary, with respect to the relationship
27 between the program and similar greenhouse gas emissions requirements
28 or low carbon fuel standards, in order to avoid:

29 (a) Mismatched incentives across programs;

30 (b) Fuel shifting between markets; or

31 (c) Other results that are counter to the intent of this chapter.

32 (5) Nothing in this chapter precludes the department from
33 adopting rules under RCW (~~70A.535.020 and~~) 70A.535.030 and section
34 409 of this act that allow the generation of credits associated with
35 electric or alternative transportation infrastructure that existed
36 prior to July 25, 2021, or to the start date of program requirements.
37 The department must apply the same baseline years to credits
38 associated with electric or alternative transportation infrastructure
39 that apply to gasoline and diesel liquid fuels in any market-based

1 program enacted by the legislature that establishes a cap on
2 greenhouse gas emissions.

3 **Sec. 413.** RCW 70A.535.050 and 2021 c 317 s 6 are each amended to
4 read as follows:

5 (1) The rules adopted under RCW (~~70A.535.020 and~~) 70A.535.030
6 and section 409 of this act may allow the generation of credits from
7 activities that support the reduction of greenhouse gas emissions
8 associated with transportation in Washington, including but not
9 limited to:

10 (a) Carbon capture and sequestration projects, including but not
11 limited to:

12 (i) Innovative crude oil production projects that include carbon
13 capture and sequestration;

14 (ii) Project-based refinery greenhouse gas mitigation including,
15 but not limited to, process improvements, renewable hydrogen use, and
16 carbon capture and sequestration; or

17 (iii) Direct air capture projects;

18 (b) Investments and activities that support deployment of
19 machinery and equipment used to produce gaseous and liquid fuels from
20 nonfossil feedstocks, and derivatives thereof;

21 (c) The fueling of battery or fuel cell electric vehicles by a
22 commercial, nonprofit, or public entity that is not an electric
23 utility, which may include, but is not limited to, the fueling of
24 vehicles using electricity certified by the department to have a
25 carbon intensity of zero; and

26 (d) The use of smart vehicle charging technology that results in
27 the fueling of an electric vehicle during times when the carbon
28 intensity of grid electricity is comparatively low.

29 (2)(a) The rules adopted under RCW (~~70A.535.020 and~~)
30 70A.535.030 and section 409 of this act must allow the generation of
31 credits based on capacity for zero emission vehicle refueling
32 infrastructure, including DC fast charging infrastructure and
33 hydrogen refueling infrastructure.

34 (b) The rules adopted under RCW (~~70A.535.020 and~~) 70A.535.030
35 and section 409 of this act may allow the generation of credits from
36 the provision of low carbon fuel infrastructure not specified in (a)
37 of this subsection.

38 (3) The rules adopted under RCW (~~70A.535.020 and~~) 70A.535.030
39 and section 409 of this act must allow the generation of credits from

1 state transportation investments funded in an omnibus transportation
2 appropriations act for activities and projects that reduce greenhouse
3 gas emissions and decarbonize the transportation sector. These
4 include, but are not limited to: (a) Electrical grid and hydrogen
5 fueling infrastructure investments; (b) ferry operating and capital
6 investments; (c) electrification of the state ferry fleet; (d)
7 alternative fuel vehicle rebate programs; (e) transit grants; (f)
8 infrastructure and other costs associated with the adoption of
9 alternative fuel use by transit agencies; (g) bike and pedestrian
10 grant programs and other activities; (h) complete streets and safe
11 walking grants and allocations; (i) rail funding; and (j) multimodal
12 investments.

13 (4) The rules adopted by the department may establish limits for
14 the number of credits that may be earned each year by persons
15 participating in the program for some or all of the activities
16 specified in subsections (1) and (2) of this section. The department
17 must limit the number of credits that may be earned each year under
18 subsection (3) of this section to 10 percent of the total program
19 credits. Any limits established under this subsection must take into
20 consideration the return on investment required in order for an
21 activity specified in subsection (2) of this section to be
22 financially viable.

23 **Sec. 414.** RCW 70A.535.120 and 2021 c 317 s 13 are each amended
24 to read as follows:

25 (1) The director of the department may issue an order declaring
26 an emergency deferral of compliance with the carbon intensity
27 standard established under (~~RCW 70A.535.020~~) section 409 of this
28 act no later than 15 calendar days after the date the department
29 determines, in consultation with the governor's office and the
30 department of commerce, that:

31 (a) Extreme and unusual circumstances exist that prevent the
32 distribution of an adequate supply of renewable fuels needed for
33 regulated parties to comply with the clean fuels program taking into
34 consideration all available methods of obtaining sufficient credits
35 to comply with the standard;

36 (b) The extreme and unusual circumstances are the result of a
37 natural disaster, an act of God, a significant supply chain
38 disruption or production facility equipment failure, or another event
39 that could not reasonably have been foreseen or prevented and not the

1 lack of prudent planning on the part of the suppliers of the fuels to
2 the state; and

3 (c) It is in the public interest to grant the deferral such as
4 when a deferral is necessary to meet projected temporary shortfalls
5 in the supply of the renewable fuel in the state and that other
6 methods of obtaining compliance credits are unavailable to compensate
7 for the shortage of renewable fuel supply.

8 (2) If the director of the department makes the determination
9 required under subsection (1) of this section, such a temporary
10 extreme and unusual deferral is permitted only if:

11 (a) The deferral applies only for the shortest time necessary to
12 address the extreme and unusual circumstances;

13 (b) The deferral is effective for the shortest practicable time
14 period the director of the department determines necessary to permit
15 the correction of the extreme and unusual circumstances; and

16 (c) The director has given public notice of a proposed deferral.

17 (3) An order declaring an emergency deferral under this section
18 must set forth:

19 (a) The duration of the emergency deferral;

20 (b) The types of fuel to which the emergency deferral applies;

21 (c) Which of the following methods the department has selected
22 for deferring compliance with the clean fuels program during the
23 emergency deferral:

24 (i) Temporarily adjusting the scheduled applicable carbon
25 intensity standard to a standard identified in the order that better
26 reflects the availability of credits during the emergency deferral
27 and requiring regulated parties to comply with the temporary
28 standard;

29 (ii) Allowing for the carryover of deficits accrued during the
30 emergency deferral into the next compliance period without penalty;
31 or

32 (iii) Suspending deficit accrual during the emergency deferral
33 period.

34 (4) An emergency deferral may be terminated prior to the
35 expiration date of the emergency deferral if new information becomes
36 available indicating that the shortage that provided the basis for
37 the emergency deferral has ended. The director of the department
38 shall consult with the department of commerce and the governor's
39 office in making an early termination decision. Termination of an

1 emergency deferral is effective 15 calendar days after the date that
2 the order declaring the termination is adopted.

3 (5) (a) In addition to the emergency deferral specified in
4 subsection (1) of this section, the department may issue a full or
5 partial deferral for one calendar quarter of a person's obligation to
6 furnish credits for compliance under RCW 70A.535.030 if it finds that
7 the person is unable to comply with the requirements of this chapter
8 due to reasons beyond the person's reasonable control. The department
9 may initiate a deferral under this subsection at its own discretion
10 or at the request of a person regulated under this chapter. The
11 department may renew issued deferrals. In evaluating whether to issue
12 a deferral under this subsection, the department may consider the
13 results of the fuel supply forecast in RCW 70A.535.100, but is not
14 bound in its decision-making discretion by the results of the
15 forecast.

16 (b) If the department issues a deferral pursuant to this
17 subsection, the department may:

18 (i) Direct the person subject to the deferral to file a progress
19 report on achieving full compliance with the requirements of this
20 chapter within an amount of time determined to be reasonable by the
21 department; and

22 (ii) Direct the person to take specific actions to achieve full
23 compliance with the requirements of this chapter.

24 (c) The issuance of a deferral under this subsection does not
25 permanently relieve the deferral recipient of the obligation to
26 comply with the requirements of this chapter.

27 NEW SECTION. **Sec. 415.** RCW 70A.535.020 (Carbon intensity of
28 transportation fuels—Standards to reduce carbon intensity—Adoption
29 of rules) and 2021 c 317 s 3 are each repealed.

30 NEW SECTION. **Sec. 416.** (1) A target is established for the
31 state that all publicly owned and privately owned passenger and light
32 duty vehicles of model year 2030 or later that are sold, purchased,
33 or registered in Washington state be electric vehicles.

34 (2) On or before December 31, 2023, the interagency electric
35 vehicle coordinating council created in section 429 of this act shall
36 complete a scoping plan for achieving the 2030 target.

1 NEW SECTION. **Sec. 417.** A new section is added to chapter 47.66
2 RCW to read as follows:

3 (1) The department shall establish a bus and bus facilities grant
4 program. The purpose of this competitive grant program is to provide
5 grants to any transit authority for the replacement, expansion,
6 rehabilitation, and purchase of transit rolling stock; construction,
7 modification, or rehabilitation of transit facilities; and funding to
8 adapt to technological change or innovation through the retrofitting
9 of transit rolling stock and facilities.

10 (2) (a) The department must incorporate environmental justice
11 principles into the grant selection process, with the goal of
12 increasing the distribution of funding to communities based on
13 addressing environmental harms and provide environmental benefits for
14 overburdened communities, as defined in RCW 70A.02.010, and
15 vulnerable populations.

16 (b) The department must incorporate geographic diversity into the
17 grant selection process.

18 (c) No grantee may receive more than 35 percent of the amount
19 appropriated for the grant program in a particular biennium.

20 (d) Fuel type may not be a factor in the grant selection process.

21 (3) The department must establish an advisory committee to carry
22 out the mandates of this section, including assisting with the
23 establishment of grant criteria.

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

27 (5) For the purposes of this section:

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

36 (b) "Transit rolling stock" means transit vehicles including, but
37 not limited to, buses, ferries, and vans.

38 NEW SECTION. **Sec. 418.** A new section is added to chapter 47.04
39 RCW to read as follows:

1 (1) The legislature finds that many communities across Washington
2 state have not equitably benefited from investments in the active
3 transportation network. The legislature also finds that legacy state
4 transportation facilities designed primarily for vehicle use caused
5 disconnections in safe routes for people who walk, bike, and roll to
6 work and to carry out other daily activities.

7 (2) To address these investment gaps, the connecting communities
8 program is established within the department. The purpose of the
9 program is to improve active transportation connectivity in
10 communities by:

11 (a) Providing safe, continuous routes for pedestrians,
12 bicyclists, and other nonvehicle users carrying out their daily
13 activities;

14 (b) Mitigating for the health, safety, and access impacts of
15 transportation infrastructure that bisects communities and creates
16 obstacles in the local active transportation network;

17 (c) Investing in greenways providing protected routes for a wide
18 variety of nonvehicular users; and

19 (d) Facilitating the planning, development, and implementation of
20 projects and activities that will improve the connectivity and safety
21 of the active transportation network.

22 (3) The department must select projects to propose to the
23 legislature for funding. In selecting projects, the department must
24 consider, at a minimum, the following criteria:

25 (a) Access to a transit facility, community facility, commercial
26 center, or community-identified assets;

27 (b) The use of minority and women-owned businesses and community-
28 based organizations in planning, community engagement, design, and
29 construction of the project;

30 (c) Whether the project will serve:

31 (i) Overburdened communities as defined in RCW 70A.02.010 to mean
32 a geographic area where vulnerable populations face combined,
33 multiple environmental harms and health impacts, and includes, but is
34 not limited to, highly impacted communities as defined in RCW
35 19.405.020;

36 (ii) Vulnerable populations as defined in RCW 70A.02.010 to mean
37 population groups that are more likely to be at higher risk for poor
38 health outcomes in response to environmental harms, due to adverse
39 socioeconomic factors, such as unemployment, high housing, and
40 transportation costs relative to income, limited access to nutritious

1 food and adequate health care, linguistic isolation, and other
2 factors that negatively affect health outcomes and increase
3 vulnerability to the effects of environmental harms; and sensitivity
4 factors, such as low birth weight and higher rates of
5 hospitalization. Vulnerable populations include, but are not limited
6 to: Racial or ethnic minorities, low-income populations, populations
7 disproportionately impacted by environmental harms, and populations
8 of workers experiencing environmental harms;

9 (iii) Household incomes at or below 200 percent of the federal
10 poverty level; and

11 (iv) People with disabilities;

12 (d) Environmental health disparities, such as those indicated by
13 the diesel pollution burden portion of the Washington environmental
14 health disparities map developed by the department of health, or
15 other similar indicators;

16 (e) Location on or adjacent to tribal lands or locations
17 providing essential services to tribal members;

18 (f) Crash experience involving pedestrians and bicyclists; and

19 (g) Identified need by the community, for example in the state
20 active transportation plan or a regional, county, or community plan.

21 (4) It is the intent of the legislature that the connecting
22 communities program comply with the requirements of chapter 314, Laws
23 of 2021.

24 (5) The department shall submit a report to the transportation
25 committees of the legislature by December 1, 2022, and each December
26 1st thereafter identifying the selected connecting communities
27 projects for funding by the legislature. The report must also include
28 the status of previously funded projects.

29 (6) This section expires July 1, 2027.

30 NEW SECTION. **Sec. 419.** A new section is added to chapter 47.24
31 RCW to read as follows:

32 (1) In order to improve the safety, mobility, and accessibility
33 of state highways, it is the intent of the legislature that the
34 department must incorporate the principles of complete streets with
35 facilities that provide street access with all users in mind,
36 including pedestrians, bicyclists, and public transportation users,
37 notwithstanding the provisions of RCW 47.24.020 concerning
38 responsibility beyond the curb of state rights-of-way. As such, state

1 transportation projects starting design on or after July 1, 2022, and
2 that are \$500,000 or more, must:

3 (a) Identify those locations on state rights-of-way that do not
4 have a complete and Americans with disabilities act accessible
5 sidewalk or shared-use path, that do not have bicycle facilities in
6 the form of a bike lane or adjacent parallel trail or shared-use
7 path, that have such facilities on a state route within a population
8 center that has a posted speed in excess of 30 miles per hour and no
9 buffer or physical separation from vehicular traffic for pedestrians
10 and bicyclists, and/or that have a design that hampers the ability of
11 motorists to see a crossing pedestrian with sufficient time to stop
12 given posted speed limits and roadway configuration;

13 (b) Consult with local jurisdictions to confirm existing and
14 planned active transportation connections along or across the
15 location; identification of connections to existing and planned
16 public transportation services, ferry landings, commuter and
17 passenger rail, and airports; the existing and planned facility
18 type(s) within the local jurisdiction that connect to the location;
19 and the potential use of speed management techniques to minimize
20 crash exposure and severity;

21 (c) Adjust the speed limit to a lower speed with appropriate
22 modifications to roadway design and operations to achieve the desired
23 operating speed in those locations where this speed management
24 approach aligns with local plans or ordinances, particularly in those
25 contexts that present a higher possibility of serious injury or fatal
26 crashes occurring based on land use context, observed crash data,
27 crash potential, roadway characteristics that are likely to increase
28 exposure, or a combination thereof, in keeping with a safe system
29 approach and with the intention of ultimately eliminating serious and
30 fatal crashes; and

31 (d) Plan, design, and construct facilities providing context-
32 sensitive solutions that contribute to network connectivity and
33 safety for pedestrians, bicyclists, and people accessing public
34 transportation and other modal connections, such facilities to
35 include Americans with disabilities act accessible sidewalks or
36 shared-use paths, bicyclist facilities, and crossings as needed to
37 integrate the state route into the local network.

38 (2) Projects undertaken for emergent work required to reopen a
39 state highway in the event of a natural disaster or other emergency

1 repair are not required to comply with the provisions of this
2 section.

3 (3) Maintenance of facilities constructed under this provision
4 shall be as provided under existing law.

5 (4) This section does not create a private right of action.

6 NEW SECTION. **Sec. 420.** A new section is added to chapter 47.04
7 RCW to read as follows:

8 (1) The department shall establish a statewide school-based
9 bicycle education grant program. The grant will support two programs:
10 One for elementary and middle school; and one for junior high and
11 high school aged youth to develop the skills and street safety
12 knowledge to be more confident bicyclists for transportation and/or
13 recreation. In development of the grant program, the department is
14 encouraged to consult with the environmental justice council and the
15 office of equity.

16 (2)(a) For the elementary and middle school program, the
17 department shall contract with a nonprofit organization with relevant
18 reach and experience, including a statewide footprint and
19 demonstrable experience deploying bicycling and road safety education
20 curriculum via a train the trainer model in schools. The selected
21 nonprofit shall identify partner schools that serve target
22 populations, based on the criteria in subsection (3) of this section.
23 Partner schools shall receive from the nonprofit: In-school bike and
24 pedestrian safety education curriculum, materials, equipment guidance
25 and consultation, and physical education teacher trainings. Youth
26 grades three through eight are eligible for the program.

27 (b) Selected school districts shall receive and maintain a fleet
28 of bicycles for the youth in the program. Youth and families
29 participating in the school-base bicycle education grant program
30 shall have an opportunity to receive a bike, lock, helmet, and lights
31 free of cost.

32 (3) For the junior high and high school program, the department
33 shall contract with a nonprofit organization with relevant reach and
34 experience, including a statewide footprint; demonstrable experience
35 developing and managing youth-based programming serving youth of
36 color in an after-school and/or community setting; and deploying
37 bicycling and road safety education curriculum via a train the
38 trainer model. The selected nonprofit shall use the equity-based
39 criteria in subsection (4) of this section to identify target

1 populations and partner organizations including, but not limited to,
2 schools, community-based organizations, housing authorities, and
3 parks and recreation departments, that work with the eligible
4 populations of youth ages 14 to 18. Partner organizations shall
5 receive from the nonprofit: Education curriculum, materials,
6 equipment guidance and consultation, and initial instructor/volunteer
7 training, as well as ongoing support.

8 (4) In selecting schools and partner organizations for the
9 school-based bicycle education grant program, the department and
10 nonprofit must consider, at a minimum, the following criteria:

11 (a) Population impacted by poverty, as measured by free and
12 reduced lunch population or 200 percent federal poverty level;

13 (b) People of color;

14 (c) People of Hispanic heritage;

15 (d) People with disabilities;

16 (e) Environmental health disparities, such as those indicated by
17 the diesel pollution burden portion of the Washington environmental
18 health disparities map developed by the department of health, or
19 other similar indicators;

20 (f) Location on or adjacent to an Indian reservation;

21 (g) Geographic location throughout the state;

22 (h) Crash experience involving pedestrians and bicyclists;

23 (i) Access to a community facility or commercial center; and

24 (j) Identified need in the state active transportation plan or a
25 regional, county, or community plan.

26 (5) The department shall submit a report for both programs to the
27 transportation committees of the legislature by December 1, 2022, and
28 each December 1st thereafter identifying the selected programs and
29 school districts for funding by the legislature. The report must also
30 include the status of previously funded programs.

31 NEW SECTION. **Sec. 421.** A new section is added to chapter 47.04
32 RCW to read as follows:

33 For the purposes of submitting a request by October 1, 2022, to
34 Amtrak to adopt a fare policy change, the department shall negotiate
35 with the Oregon department of transportation to determine ridership,
36 revenue, and policy impacts relating to elimination of fares for
37 Amtrak Cascades passengers 18 years of age and younger. It is the
38 intent of the legislature that fares for passengers 18 years of age
39 and younger for service on the Amtrak Cascades corridor be

1 eliminated. The department shall report back to the transportation
2 committees of the legislature with results of negotiations with the
3 Oregon department of transportation and the status of fare policy
4 requests submitted to Amtrak by December 1, 2022.

5 NEW SECTION. **Sec. 422.** A new section is added to chapter 47.60
6 RCW to read as follows:

7 Consistent with RCW 47.60.315(1)(b), the commission shall adopt
8 an annual fare policy for Washington state ferries to allow all
9 riders 18 years of age and younger to ride free of charge on all
10 system routes. This fare change must apply to both walk-on passengers
11 and passengers in vehicles. The commission is directed to make the
12 initial fare policy change effective no later than October 1, 2022.

13 NEW SECTION. **Sec. 423.** A new section is added to chapter 47.66
14 RCW to read as follows:

15 (1) The department shall establish a transit support grant
16 program for the purpose of providing financial support to transit
17 agencies for operating and capital expenses only. Public transit
18 agencies must maintain or increase their local sales tax authority on
19 or after January 1, 2022, in order to qualify for the grants.

20 (a) Grants for transit agencies must be prorated based on the
21 amount expended for operations in the most recently published report
22 of "Summary of Public Transportation" published by the department.

23 (b) No transit agency may receive more than 35 percent of these
24 distributions.

25 (c) Fuel type may not be a factor in the grant selection process.

26 (2) To be eligible to receive a grant, the transit agency must
27 have adopted, at a minimum, a zero-fare policy that allows passengers
28 18 years of age and younger to ride free of charge on all modes
29 provided by the agency.

30 (3) The department shall, for the purposes of the "Summary of
31 Public Transportation" report, require grantees to report the number
32 of trips that were taken under this program.

33 (4) For the purposes of this section, "transit agency" or
34 "agency" means a city transit system under RCW 35.58.2721 or chapter
35 35.95A RCW, a county public transportation authority under chapter
36 36.57 RCW, a metropolitan municipal corporation transit system under
37 chapter 36.56 RCW, a public transportation benefit area under chapter
38 36.57A RCW, an unincorporated transportation benefit area under RCW

1 36.57.100, or any special purpose district formed to operate a public
2 transportation system.

3 **Sec. 424.** RCW 46.63.170 and 2020 c 224 s 1 are each amended to
4 read as follows:

5 (1) The use of automated traffic safety cameras for issuance of
6 notices of infraction is subject to the following requirements:

7 (a) Except for proposed locations used solely for the pilot
8 program purposes permitted under subsection (6) of this section, the
9 appropriate local legislative authority must prepare an analysis of
10 the locations within the jurisdiction where automated traffic safety
11 cameras are proposed to be located: (i) Before enacting an ordinance
12 allowing for the initial use of automated traffic safety cameras; and
13 (ii) before adding additional cameras or relocating any existing
14 camera to a new location within the jurisdiction. Automated traffic
15 safety cameras may be used to detect one or more of the following:
16 Stoplight, railroad crossing, ~~((\oplus))~~ school speed zone
17 violations~~((\dagger))~~, speed violations on any roadway identified in a
18 school walk area as defined in RCW 28A.160.160, speed violations in
19 public park speed zones, hospital speed zones, speed violations
20 subject to (c) or (d) of this subsection~~((\dagger))~~, or violations included
21 in subsection (6) of this section for the duration of the pilot
22 program authorized under subsection (6) of this section. At a
23 minimum, the local ordinance must contain the restrictions described
24 in this section and provisions for public notice and signage. Cities
25 and counties using automated traffic safety cameras before July 24,
26 2005, are subject to the restrictions described in this section, but
27 are not required to enact an authorizing ordinance. Beginning one
28 year after June 7, 2012, cities and counties using automated traffic
29 safety cameras must post an annual report of the number of traffic
30 accidents that occurred at each location where an automated traffic
31 safety camera is located as well as the number of notices of
32 infraction issued for each camera and any other relevant information
33 about the automated traffic safety cameras that the city or county
34 deems appropriate on the city's or county's website.

35 (b) (i) Except as provided in (c) and (d) of this subsection and
36 subsection (6) of this section, use of automated traffic safety
37 cameras is restricted to the following locations only: ~~((\dagger))~~ (A)
38 Intersections of two or more arterials with traffic control signals
39 that have yellow change interval durations in accordance with RCW

1 47.36.022, which interval durations may not be reduced after
2 placement of the camera; ~~((-ii-))~~ (B) railroad crossings; ~~((and~~
3 ~~-iii-))~~ (C) school speed zones; (D) roadways identified in a school
4 walk area as defined in RCW 28A.160.160; (E) public park speed zones,
5 as defined in (b)(ii) of this subsection; and (F) hospital speed
6 zones, as defined in (b)(ii) of this subsection.

7 (ii) For the purposes of this section:

8 (A) "Public park speed zone" means the marked area within public
9 park property and extending 300 feet from the border of public park
10 property (I) consistent with active park use; and (II) where signs
11 are posted to indicate the location is within a public park speed
12 zone.

13 (B) "Hospital speed zone" means the marked area within hospital
14 property and extending 300 feet from the border of hospital property
15 (I) consistent with hospital use; and (II) where signs are posted to
16 indicate the location is within a hospital speed zone, where
17 "hospital" has the same meaning as in RCW 70.41.020.

18 (c) ~~((Any))~~ In addition to the automated traffic safety cameras
19 authorized under (d) of this subsection, any city west of the Cascade
20 mountains with a population of more than ~~((one hundred ninety-five~~
21 ~~thousand))~~ 195,000 located in a county with a population of fewer
22 than ~~((one million five hundred thousand))~~ 1,500,000 may operate an
23 automated traffic safety camera to detect speed violations subject to
24 the following limitations:

25 (i) A city may only operate one such automated traffic safety
26 camera within its respective jurisdiction; and

27 (ii) The use and location of the automated traffic safety camera
28 must have first been authorized by the Washington state legislature
29 as a pilot project for at least one full year.

30 (d) (i) Cities may operate at least one automated traffic safety
31 camera under this subsection to detect speed violations, subject to
32 the requirements of (d)(ii) of this subsection. Cities may operate
33 one additional automated traffic safety camera to detect speed
34 violations for every 10,000 residents included in the city's
35 population. Cameras must be placed in locations that comply with one
36 of the following:

37 (A) The location has been identified as a priority location in a
38 local road safety plan that a city has submitted to the Washington
39 state department of transportation and where other speed reduction

1 measures are not feasible or have not been sufficiently effective at
2 reducing travel speed;

3 (B) The location has a significantly higher rate of collisions
4 than the city average in a period of at least three years prior to
5 installation and other speed reduction measures are not feasible or
6 have not been sufficiently effective at reducing travel speed; or

7 (C) The location is in an area within the city limits designated
8 by local ordinance as a zone subject to specified restrictions and
9 penalties on racing and race attendance.

10 (ii) A city locating an automated traffic safety camera under
11 this subsection (1)(d) must complete an equity analysis that
12 evaluates livability, accessibility, economics, education, and
13 environmental health, and shall consider the outcome of that analysis
14 when identifying where to locate an automated traffic safety camera.

15 (e) All locations where an automated traffic safety camera is
16 used to detect speed violations on roadways identified in a school
17 walk area, speed violations in public park speed zones, speed
18 violations in hospital speed zones, or speed violations under (c) or
19 (d) of this subsection must be clearly marked by placing signs in
20 locations that clearly indicate to a driver either: (i) That the
21 driver is within a school walk area, public park speed zone, or
22 hospital speed zone; or (ii) that the driver is entering an area
23 where speed violations are enforced by an automated traffic safety
24 camera. Signs placed in automated traffic safety camera locations
25 after June 7, 2012, must follow the specifications and guidelines
26 under the manual of uniform traffic control devices for streets and
27 highways as adopted by the department of transportation under chapter
28 47.36 RCW.

29 (f) Automated traffic safety cameras may only take pictures of
30 the vehicle and vehicle license plate and only while an infraction is
31 occurring. The picture must not reveal the face of the driver or of
32 passengers in the vehicle. The primary purpose of camera placement is
33 to take pictures of the vehicle and vehicle license plate when an
34 infraction is occurring. Cities and counties shall consider
35 installing cameras in a manner that minimizes the impact of camera
36 flash on drivers.

37 ((e)) (g) A notice of infraction must be mailed to the
38 registered owner of the vehicle within ((fourteen)) 14 days of the
39 violation, or to the renter of a vehicle within ((fourteen)) 14 days
40 of establishing the renter's name and address under subsection (3)(a)

1 of this section. The law enforcement officer issuing the notice of
2 infraction shall include with it a certificate or facsimile thereof,
3 based upon inspection of photographs, microphotographs, or electronic
4 images produced by an automated traffic safety camera, stating the
5 facts supporting the notice of infraction. This certificate or
6 facsimile is prima facie evidence of the facts contained in it and is
7 admissible in a proceeding charging a violation under this chapter.
8 The photographs, microphotographs, or electronic images evidencing
9 the violation must be available for inspection and admission into
10 evidence in a proceeding to adjudicate the liability for the
11 infraction. A person receiving a notice of infraction based on
12 evidence detected by an automated traffic safety camera may respond
13 to the notice by mail.

14 ~~((f))~~ (h) The registered owner of a vehicle is responsible for
15 an infraction under RCW 46.63.030(1)(d) unless the registered owner
16 overcomes the presumption in RCW 46.63.075, or, in the case of a
17 rental car business, satisfies the conditions under subsection (3) of
18 this section. If appropriate under the circumstances, a renter
19 identified under subsection (3)(a) of this section is responsible for
20 an infraction.

21 ~~((g))~~ (i) Notwithstanding any other provision of law, all
22 photographs, microphotographs, or electronic images, or any other
23 personally identifying data prepared under this section are for the
24 exclusive use of law enforcement in the discharge of duties under
25 this section and are not open to the public and may not be used in a
26 court in a pending action or proceeding unless the action or
27 proceeding relates to a violation under this section. No photograph,
28 microphotograph, or electronic image, or any other personally
29 identifying data may be used for any purpose other than enforcement
30 of violations under this section nor retained longer than necessary
31 to enforce this section.

32 ~~((h))~~ (j) All locations where an automated traffic safety
33 camera is used must be clearly marked at least ~~((thirty))~~ 30 days
34 prior to activation of the camera by placing signs in locations that
35 clearly indicate to a driver that he or she is entering a zone where
36 traffic laws are enforced by an automated traffic safety camera.
37 Signs placed in automated traffic safety camera locations after June
38 7, 2012, must follow the specifications and guidelines under the
39 manual of uniform traffic control devices for streets and highways as
40 adopted by the department of transportation under chapter 47.36 RCW.

1 (~~(i)~~) (k) If a county or city has established an authorized
2 automated traffic safety camera program under this section, the
3 compensation paid to the manufacturer or vendor of the equipment used
4 must be based only upon the value of the equipment and services
5 provided or rendered in support of the system, and may not be based
6 upon a portion of the fine or civil penalty imposed or the revenue
7 generated by the equipment.

8 (1) If a city is operating an automated traffic safety camera to
9 detect speed violations on roadways identified in a school walk area,
10 speed violations in public park speed zones, speed violations in
11 hospital speed zones, or speed violations under (c) or (d) of this
12 subsection, the city shall remit monthly to the state 50 percent of
13 the noninterest money received for infractions issued by those
14 cameras excess of the cost to administer, install, operate, and
15 maintain the automated traffic safety cameras, including the cost of
16 processing infractions. Money remitted under this subsection to the
17 state treasurer shall be deposited in the Cooper Jones active
18 transportation safety account created in RCW 46.68.480. This
19 subsection (1)(1) does not apply to automated traffic safety cameras
20 authorized for stoplight, railroad crossing, or school speed zone
21 violations.

22 (2) Infractions detected through the use of automated traffic
23 safety cameras are not part of the registered owner's driving record
24 under RCW 46.52.101 and 46.52.120. Additionally, infractions
25 generated by the use of automated traffic safety cameras under this
26 section shall be processed in the same manner as parking infractions,
27 including for the purposes of RCW 3.50.100, 35.20.220, 46.16A.120,
28 and 46.20.270(2). Except as provided otherwise in subsection (6) of
29 this section, the amount of the fine issued for an infraction
30 generated through the use of an automated traffic safety camera shall
31 not exceed the amount of a fine issued for other parking infractions
32 within the jurisdiction. However, the amount of the fine issued for a
33 traffic control signal violation detected through the use of an
34 automated traffic safety camera shall not exceed the monetary penalty
35 for a violation of RCW 46.61.050 as provided under RCW 46.63.110,
36 including all applicable statutory assessments.

37 (3) If the registered owner of the vehicle is a rental car
38 business, the law enforcement agency shall, before a notice of
39 infraction being issued under this section, provide a written notice
40 to the rental car business that a notice of infraction may be issued

1 to the rental car business if the rental car business does not,
2 within (~~eighteen~~) 18 days of receiving the written notice, provide
3 to the issuing agency by return mail:

4 (a) A statement under oath stating the name and known mailing
5 address of the individual driving or renting the vehicle when the
6 infraction occurred; or

7 (b) A statement under oath that the business is unable to
8 determine who was driving or renting the vehicle at the time the
9 infraction occurred because the vehicle was stolen at the time of the
10 infraction. A statement provided under this subsection must be
11 accompanied by a copy of a filed police report regarding the vehicle
12 theft; or

13 (c) In lieu of identifying the vehicle operator, the rental car
14 business may pay the applicable penalty.

15 Timely mailing of this statement to the issuing law enforcement
16 agency relieves a rental car business of any liability under this
17 chapter for the notice of infraction.

18 (4) Nothing in this section prohibits a law enforcement officer
19 from issuing a notice of traffic infraction to a person in control of
20 a vehicle at the time a violation occurs under RCW 46.63.030(1) (a),
21 (b), or (c).

22 (5)(a) For the purposes of this section, "automated traffic
23 safety camera" means a device that uses a vehicle sensor installed to
24 work in conjunction with an intersection traffic control system, a
25 railroad grade crossing control system, or a speed measuring device,
26 and a camera synchronized to automatically record one or more
27 sequenced photographs, microphotographs, or electronic images of the
28 rear of a motor vehicle at the time the vehicle fails to stop when
29 facing a steady red traffic control signal or an activated railroad
30 grade crossing control signal, or exceeds a speed limit as detected
31 by a speed measuring device.

32 (b) For the purposes of the pilot program authorized under
33 subsection (6) of this section, "automated traffic safety camera"
34 also includes a device used to detect stopping at intersection or
35 crosswalk violations; stopping when traffic obstructed violations;
36 public transportation only lane violations; and stopping or traveling
37 in restricted lane violations. The device, including all technology
38 defined under "automated traffic safety camera," must not reveal the
39 face of the driver or the passengers in vehicles, and must not use
40 any facial recognition technology in real time or after capturing any

1 information. If the face of any individual in a crosswalk or
2 otherwise within the frame is incidentally captured, it may not be
3 made available to the public nor used for any purpose including, but
4 not limited to, any law enforcement action, except in a pending
5 action or proceeding related to a violation under this section.

6 (6) (a) (i) A city with a population greater than (~~five hundred~~
7 ~~thousand~~) 500,000 may adopt an ordinance creating a pilot program
8 authorizing automated traffic safety cameras to be used to detect one
9 or more of the following violations: Stopping when traffic obstructed
10 violations; stopping at intersection or crosswalk violations; public
11 transportation only lane violations; and stopping or traveling in
12 restricted lane violations. Under the pilot program, stopping at
13 intersection or crosswalk violations may only be enforced at the
14 (~~twenty~~) 20 intersections where the city would most like to address
15 safety concerns related to stopping at intersection or crosswalk
16 violations. At a minimum, the local ordinance must contain the
17 restrictions described in this section and provisions for public
18 notice and signage.

19 (ii) Except where specifically exempted, all of the rules and
20 restrictions applicable to the use of automated traffic safety
21 cameras in this section apply to the use of automated traffic safety
22 cameras in the pilot program established in this subsection (6).

23 (iii) As used in this subsection (6), "public transportation
24 vehicle" means any motor vehicle, streetcar, train, trolley vehicle,
25 ferry boat, or any other device, vessel, or vehicle that is owned or
26 operated by a transit authority or an entity providing service on
27 behalf of a transit authority that is used for the purpose of
28 carrying passengers and that operates on established routes. "Transit
29 authority" has the meaning provided in RCW 9.91.025.

30 (b) Use of automated traffic safety cameras as authorized in this
31 subsection (6) is restricted to the following locations only:
32 Locations authorized in subsection (1)(b) of this section; and
33 midblock on arterials. Additionally, the use of automated traffic
34 safety cameras as authorized in this subsection (6) is further
35 limited to the following:

36 (i) The portion of state and local roadways in downtown areas of
37 the city used for office and commercial activities, as well as retail
38 shopping and support services, and that may include mixed residential
39 uses;

1 (ii) The portion of state and local roadways in areas in the city
2 within one-half mile north of the boundary of the area described in
3 (b)(i) of this subsection;

4 (iii) Portions of roadway systems in the city that travel into
5 and out of (b)(ii) of this subsection that are designated by the
6 Washington state department of transportation as noninterstate
7 freeways for up to four miles; and

8 (iv) Portions of roadway systems in the city connected to the
9 portions of the noninterstate freeways identified in (b)(iii) of this
10 subsection that are designated by the Washington state department of
11 transportation as arterial roadways for up to one mile from the
12 intersection of the arterial roadway and the noninterstate freeway.

13 (c) However, automated traffic safety cameras may not be used on
14 an on-ramp to an interstate.

15 (d) From June 11, 2020, through December 31, 2020, a warning
16 notice with no penalty must be issued to the registered owner of the
17 vehicle for a violation generated through the use of an automated
18 traffic safety camera authorized in this subsection (6). Beginning
19 January 1, 2021, a notice of infraction must be issued, in a manner
20 consistent with subsections (1)(~~(e)~~) (g) and (3) of this section,
21 for a violation generated through the use of an automated traffic
22 safety camera authorized in this subsection (6). However, the penalty
23 for the violation may not exceed (~~(seventy-five dollars)~~) \$75.

24 (e) For infractions issued as authorized in this subsection (6),
25 a city with a pilot program shall remit monthly to the state
26 (~~(fifty)~~) 50 percent of the noninterest money received under this
27 subsection (6) in excess of the cost to install, operate, and
28 maintain the automated traffic safety cameras for use in the pilot
29 program. Money remitted under this subsection to the state treasurer
30 shall be deposited in the Cooper Jones active transportation safety
31 account created in RCW 46.68.480. The remaining (~~(fifty)~~) 50 percent
32 retained by the city must be used only for improvements to
33 transportation that support equitable access and mobility for persons
34 with disabilities.

35 (f) A transit authority may not take disciplinary action,
36 regarding a warning or infraction issued pursuant to this subsection
37 (6), against an employee who was operating a public transportation
38 vehicle at the time the violation that was the basis of the warning
39 or infraction was detected.

1 (g) A city that implements a pilot program under this subsection
2 (6) must provide a preliminary report to the transportation
3 committees of the legislature by June 30, (~~(2022)~~) 2024, and a final
4 report by January 1, (~~(2023)~~) 2025, on the pilot program that
5 includes the locations chosen for the automated traffic safety
6 cameras used in the pilot program, the number of warnings and traffic
7 infractions issued under the pilot program, the number of traffic
8 infractions issued with respect to vehicles registered outside of the
9 county in which the city is located, the infrastructure improvements
10 made using the penalty moneys as required under (e) of this
11 subsection, an equity analysis that includes any disproportionate
12 impacts, safety, and on-time performance statistics related to the
13 impact on driver behavior of the use of automated traffic safety
14 cameras in the pilot program, and any recommendations on the use of
15 automated traffic safety cameras to enforce the violations that these
16 cameras were authorized to detect under the pilot program.

17 **Sec. 425.** RCW 46.63.170 and 2015 3rd sp.s. c 44 s 406 are each
18 amended to read as follows:

19 (1) The use of automated traffic safety cameras for issuance of
20 notices of infraction is subject to the following requirements:

21 (a) The appropriate local legislative authority must prepare an
22 analysis of the locations within the jurisdiction where automated
23 traffic safety cameras are proposed to be located: (i) Before
24 enacting an ordinance allowing for the initial use of automated
25 traffic safety cameras; and (ii) before adding additional cameras or
26 relocating any existing camera to a new location within the
27 jurisdiction. Automated traffic safety cameras may be used to detect
28 one or more of the following: Stoplight, railroad crossing, (~~(+)~~)
29 school speed zone violations(~~(+)~~), speed violations on any roadway
30 identified in a school walk area as defined in RCW 28A.160.160, speed
31 violations in public park speed zones, hospital speed zones, or speed
32 violations subject to (c) or (d) of this subsection. At a minimum,
33 the local ordinance must contain the restrictions described in this
34 section and provisions for public notice and signage. Cities and
35 counties using automated traffic safety cameras before July 24, 2005,
36 are subject to the restrictions described in this section, but are
37 not required to enact an authorizing ordinance. Beginning one year
38 after June 7, 2012, cities and counties using automated traffic
39 safety cameras must post an annual report of the number of traffic

1 accidents that occurred at each location where an automated traffic
2 safety camera is located as well as the number of notices of
3 infraction issued for each camera and any other relevant information
4 about the automated traffic safety cameras that the city or county
5 deems appropriate on the city's or county's website.

6 (b) (i) Except as provided in (c) and (d) of this subsection, use
7 of automated traffic safety cameras is restricted to the following
8 locations only: ~~((+i))~~ (A) Intersections of two arterials with
9 traffic control signals that have yellow change interval durations in
10 accordance with RCW 47.36.022, which interval durations may not be
11 reduced after placement of the camera; ~~((+ii))~~ (B) railroad
12 crossings; ~~((and—(iii))~~ (C) school speed zones; (D) roadways
13 identified in a school walk area as defined in RCW 28A.160.160; (E)
14 public park speed zones, as defined in (b)(ii) of this subsection;
15 and (F) hospital speed zones, as defined in (b)(ii) of this
16 subsection.

17 (ii) For the purposes of this section:

18 (A) "Public park speed zone" means the marked area within public
19 park property and extending 300 feet from the border of public park
20 property (I) consistent with active park use; and (II) where signs
21 are posted to indicate the location is within a public park speed
22 zone.

23 (B) "Hospital speed zone" means the marked area within hospital
24 property and extending 300 feet from the border of hospital property
25 (I) consistent with hospital use; and (II) where signs are posted to
26 indicate the location is within a hospital speed zone, where
27 "hospital" has the same meaning as in RCW 70.41.020.

28 (c) ~~((Any))~~ In addition to the automated traffic safety cameras
29 authorized under (d) of this subsection, any city west of the Cascade
30 mountains with a population of more than ~~((one hundred ninety-five~~
31 ~~thousand))~~ 195,000 located in a county with a population of fewer
32 than ~~((one million five hundred thousand))~~ 1,500,000 may operate an
33 automated traffic safety camera to detect speed violations subject to
34 the following limitations:

35 (i) A city may only operate one such automated traffic safety
36 camera within its respective jurisdiction; and

37 (ii) The use and location of the automated traffic safety camera
38 must have first been authorized by the Washington state legislature
39 as a pilot project for at least one full year.

1 (d)(i) Cities may operate at least one automated traffic safety
2 camera under this subsection to detect speed violations, subject to
3 the requirements of (d)(ii) of this subsection. Cities may operate
4 one additional automated traffic safety camera to detect speed
5 violations for every 10,000 residents included in the city's
6 population. Cameras must be placed in locations that comply with one
7 of the following:

8 (A) The location has been identified as a priority location in a
9 local road safety plan that a city has submitted to the Washington
10 state department of transportation and where other speed reduction
11 measures are not feasible or have not been sufficiently effective at
12 reducing travel speed;

13 (B) The location has a significantly higher rate of collisions
14 than the city average in a period of at least three years prior to
15 installation and other speed reduction measures are not feasible or
16 have not been sufficiently effective at reducing travel speed; or

17 (C) The location is in an area within the city limits designated
18 by local ordinance as a zone subject to specified restrictions and
19 penalties on racing and race attendance.

20 (ii) A city locating an automated traffic safety camera under
21 this subsection (1)(d) must complete an equity analysis that
22 evaluates livability, accessibility, economics, education, and
23 environmental health, and shall consider the outcome of that analysis
24 when identifying where to locate an automated traffic safety camera.

25 (e) All locations where an automated traffic safety camera is
26 used to detect speed violations on roadways identified in a school
27 walk area, speed violations in public park speed zones, speed
28 violations in hospital speed zones, or speed violations under (c) or
29 (d) of this subsection must be clearly marked by placing signs in
30 locations that clearly indicate to a driver either: (i) That the
31 driver is within a school walk area, public park speed zone, or
32 hospital speed zone; or (ii) that the driver is entering an area
33 where speed violations are enforced by an automated traffic safety
34 camera. Signs placed in automated traffic safety camera locations
35 after June 7, 2012, must follow the specifications and guidelines
36 under the manual of uniform traffic control devices for streets and
37 highways as adopted by the department of transportation under chapter
38 47.36 RCW.

39 (f) Automated traffic safety cameras may only take pictures of
40 the vehicle and vehicle license plate and only while an infraction is

1 occurring. The picture must not reveal the face of the driver or of
2 passengers in the vehicle. The primary purpose of camera placement is
3 to take pictures of the vehicle and vehicle license plate when an
4 infraction is occurring. Cities and counties shall consider
5 installing cameras in a manner that minimizes the impact of camera
6 flash on drivers.

7 ~~((e))~~ (g) A notice of infraction must be mailed to the
8 registered owner of the vehicle within ~~((fourteen))~~ 14 days of the
9 violation, or to the renter of a vehicle within ~~((fourteen))~~ 14 days
10 of establishing the renter's name and address under subsection (3)(a)
11 of this section. The law enforcement officer issuing the notice of
12 infraction shall include with it a certificate or facsimile thereof,
13 based upon inspection of photographs, microphotographs, or electronic
14 images produced by an automated traffic safety camera, stating the
15 facts supporting the notice of infraction. This certificate or
16 facsimile is prima facie evidence of the facts contained in it and is
17 admissible in a proceeding charging a violation under this chapter.
18 The photographs, microphotographs, or electronic images evidencing
19 the violation must be available for inspection and admission into
20 evidence in a proceeding to adjudicate the liability for the
21 infraction. A person receiving a notice of infraction based on
22 evidence detected by an automated traffic safety camera may respond
23 to the notice by mail.

24 ~~((f))~~ (h) The registered owner of a vehicle is responsible for
25 an infraction under RCW 46.63.030(1)(d) unless the registered owner
26 overcomes the presumption in RCW 46.63.075, or, in the case of a
27 rental car business, satisfies the conditions under subsection (3) of
28 this section. If appropriate under the circumstances, a renter
29 identified under subsection (3)(a) of this section is responsible for
30 an infraction.

31 ~~((g))~~ (i) Notwithstanding any other provision of law, all
32 photographs, microphotographs, or electronic images prepared under
33 this section are for the exclusive use of law enforcement in the
34 discharge of duties under this section and are not open to the public
35 and may not be used in a court in a pending action or proceeding
36 unless the action or proceeding relates to a violation under this
37 section. No photograph, microphotograph, or electronic image may be
38 used for any purpose other than enforcement of violations under this
39 section nor retained longer than necessary to enforce this section.

1 ~~((h))~~ (j) All locations where an automated traffic safety
2 camera is used must be clearly marked at least ~~((thirty))~~ 30 days
3 prior to activation of the camera by placing signs in locations that
4 clearly indicate to a driver that he or she is entering a zone where
5 traffic laws are enforced by an automated traffic safety camera.
6 Signs placed in automated traffic safety camera locations after June
7 7, 2012, must follow the specifications and guidelines under the
8 manual of uniform traffic control devices for streets and highways as
9 adopted by the department of transportation under chapter 47.36 RCW.

10 ~~((i))~~ (k) If a county or city has established an authorized
11 automated traffic safety camera program under this section, the
12 compensation paid to the manufacturer or vendor of the equipment used
13 must be based only upon the value of the equipment and services
14 provided or rendered in support of the system, and may not be based
15 upon a portion of the fine or civil penalty imposed or the revenue
16 generated by the equipment.

17 (l) If a city is operating an automated traffic safety camera to
18 detect speed violations on roadways identified in a school walk area,
19 speed violations in public park speed zones, speed violations in
20 hospital speed zones, or speed violations under (c) or (d) of this
21 subsection, the city shall remit monthly to the state 50 percent of
22 the noninterest money received for infractions issued by those
23 cameras excess of the cost to administer, install, operate, and
24 maintain the automated traffic safety cameras, including the cost of
25 processing infractions. Money remitted under this subsection to the
26 state treasurer shall be deposited in the Cooper Jones active
27 transportation safety account created in RCW 46.68.480. This
28 subsection (1)(l) does not apply to automated traffic safety cameras
29 authorized for stoplight, railroad crossing, or school speed zone
30 violations.

31 (2) Infractions detected through the use of automated traffic
32 safety cameras are not part of the registered owner's driving record
33 under RCW 46.52.101 and 46.52.120. Additionally, infractions
34 generated by the use of automated traffic safety cameras under this
35 section shall be processed in the same manner as parking infractions,
36 including for the purposes of RCW 3.50.100, 35.20.220, 46.16A.120,
37 and 46.20.270(2). The amount of the fine issued for an infraction
38 generated through the use of an automated traffic safety camera shall
39 not exceed the amount of a fine issued for other parking infractions
40 within the jurisdiction. However, the amount of the fine issued for a

1 traffic control signal violation detected through the use of an
2 automated traffic safety camera shall not exceed the monetary penalty
3 for a violation of RCW 46.61.050 as provided under RCW 46.63.110,
4 including all applicable statutory assessments.

5 (3) If the registered owner of the vehicle is a rental car
6 business, the law enforcement agency shall, before a notice of
7 infraction being issued under this section, provide a written notice
8 to the rental car business that a notice of infraction may be issued
9 to the rental car business if the rental car business does not,
10 within (~~eighteen~~) 18 days of receiving the written notice, provide
11 to the issuing agency by return mail:

12 (a) A statement under oath stating the name and known mailing
13 address of the individual driving or renting the vehicle when the
14 infraction occurred; or

15 (b) A statement under oath that the business is unable to
16 determine who was driving or renting the vehicle at the time the
17 infraction occurred because the vehicle was stolen at the time of the
18 infraction. A statement provided under this subsection must be
19 accompanied by a copy of a filed police report regarding the vehicle
20 theft; or

21 (c) In lieu of identifying the vehicle operator, the rental car
22 business may pay the applicable penalty.

23 Timely mailing of this statement to the issuing law enforcement
24 agency relieves a rental car business of any liability under this
25 chapter for the notice of infraction.

26 (4) Nothing in this section prohibits a law enforcement officer
27 from issuing a notice of traffic infraction to a person in control of
28 a vehicle at the time a violation occurs under RCW 46.63.030(1) (a),
29 (b), or (c).

30 (5) For the purposes of this section, "automated traffic safety
31 camera" means a device that uses a vehicle sensor installed to work
32 in conjunction with an intersection traffic control system, a
33 railroad grade crossing control system, or a speed measuring device,
34 and a camera synchronized to automatically record one or more
35 sequenced photographs, microphotographs, or electronic images of the
36 rear of a motor vehicle at the time the vehicle fails to stop when
37 facing a steady red traffic control signal or an activated railroad
38 grade crossing control signal, or exceeds a speed limit as detected
39 by a speed measuring device.

1 (6) During the 2011-2013 and 2013-2015 fiscal biennia, this
2 section does not apply to automated traffic safety cameras for the
3 purposes of section 216(5), chapter 367, Laws of 2011 and section
4 216(6), chapter 306, Laws of 2013.

5 NEW SECTION. **Sec. 426.** A new section is added to chapter 47.56
6 RCW to read as follows:

7 The legislature recognizes the need to reduce congestion and
8 improve mobility on the Interstate 405 and state route number 167
9 corridors, and finds that performance on the corridors has not met
10 the goal that average vehicle speeds in the express toll lanes remain
11 above 45 miles per hour at least 90 percent of the time during peak
12 hours. Therefore, the legislature intends that the commission
13 reevaluate options at least every two years to improve performance on
14 the Interstate 405 and state route number 167 corridors, pursuant to
15 RCW 47.56.880 and 47.56.850.

16 **Sec. 427.** RCW 70A.65.230 and 2021 c 316 s 26 are each amended to
17 read as follows:

18 (1) It is the intent of the legislature that each year the total
19 investments made through the carbon emissions reduction account
20 created in RCW 70A.65.240, the climate commitment account created in
21 RCW 70A.65.260, the natural climate solutions account created in RCW
22 70A.65.270, and the air quality and health disparities improvement
23 account created in RCW 70A.65.280, achieve the following:

24 (a) A minimum of not less than 35 percent and a goal of 40
25 percent of total investments that provide direct and meaningful
26 benefits to vulnerable populations within the boundaries of
27 overburdened communities identified under chapter 314, Laws of 2021;
28 and

29 (b) In addition to the requirements of (a) of this subsection, a
30 minimum of not less than 10 percent of total investments that are
31 used for programs, activities, or projects formally supported by a
32 resolution of an Indian tribe, with priority given to otherwise
33 qualifying projects directly administered or proposed by an Indian
34 tribe. An investment that meets the requirements of both this
35 subsection (1)(b) and (a) of this subsection may count toward the
36 minimum percentage targets for both subsections.

37 (2) The expenditure of moneys under this chapter must be
38 consistent with applicable federal, state, and local laws, and treaty

1 rights including, but not limited to, prohibitions on uses of funds
2 imposed by the state Constitution.

3 (3) For the purposes of this section, "benefits" means
4 investments or activities that:

5 (a) Reduce vulnerable population characteristics, environmental
6 burdens, or associated risks that contribute significantly to the
7 cumulative impact designation of highly impacted communities;

8 (b) Meaningfully protect an overburdened community from, or
9 support community response to, the impacts of air pollution or
10 climate change; or

11 (c) Meet a community need identified by vulnerable members of the
12 community that is consistent with the intent of this chapter.

13 (4) The state must develop a process by which to evaluate the
14 impacts of the investments made under this chapter, work across state
15 agencies to develop and track priorities across the different
16 eligible funding categories, and work with the environmental justice
17 council pursuant to RCW 70A.65.040.

18 ~~((5) No expenditures may be made from the carbon emissions
19 reduction account created in RCW 70A.65.240, the climate investment
20 account created in RCW 70A.65.250, or the air quality and health
21 disparities improvement account created in RCW 70A.65.280 if, by
22 April 1, 2023, the legislature has not considered and enacted request
23 legislation brought forth by the department under RCW 70A.65.060 that
24 outlines a compliance pathway specific to emissions-intensive, trade-
25 exposed businesses for achieving their proportionate share of the
26 state's emissions reduction limits through 2050.))~~

27 NEW SECTION. **Sec. 428.** The legislature finds that in order to
28 meet the statewide greenhouse gas emissions limits in RCW 70A.45.020
29 and 70A.45.050, the state must drastically reduce vehicle greenhouse
30 gas emissions. A critical strategy to meet those goals is
31 transitioning to zero emissions vehicles and this transition requires
32 ongoing purposeful interagency coordination and cooperation. As such,
33 it is the intent of the legislature to create a formal interagency
34 council responsible for coordinating the state's transportation
35 electrification efforts to ensure the state is leveraging state and
36 federal resources to the best extent possible and to ensure zero
37 emissions incentives, infrastructure, and opportunities are available
38 and accessible to all Washingtonians.

1 The legislature further finds that in order to meet the statewide
2 greenhouse gas emissions limits in the transportation sector of the
3 economy, more resources must be directed toward achieving zero
4 emissions transportation and transit, while continuing to relieve
5 energy burdens that exist in overburdened communities.

6 NEW SECTION. **Sec. 429.** (1) There is hereby created an
7 interagency electric vehicle coordinating council jointly led by the
8 Washington state department of commerce and the Washington state
9 department of transportation with participation from the following
10 agencies:

- 11 (a) The office of financial management;
- 12 (b) The department of ecology;
- 13 (c) The department of enterprise services;
- 14 (d) The state efficiency and environmental performance office;
- 15 (e) The department of agriculture;
- 16 (f) The department of health;
- 17 (g) The utilities and transportation commission;
- 18 (h) A representative from the office of the superintendent of
19 public instruction knowledgeable on issues pertaining to student
20 transportation; and
- 21 (i) Other agencies with key roles in electrifying the
22 transportation sector.

23 (2) The Washington state department of commerce and Washington
24 state department of transportation shall assign staff in each agency
25 to lead the council's coordination work and provide ongoing reports
26 to the governor and legislature including, but not limited to, the
27 transportation, energy, economic development, and other appropriate
28 legislative committees.

29 NEW SECTION. **Sec. 430.** (1) Interagency electric vehicle
30 coordinating council responsibilities include, but are not limited
31 to:

- 32 (a) Development of a statewide transportation electrification
33 strategy to ensure market and infrastructure readiness for all new
34 vehicle sales;
- 35 (b) Identification of all electric vehicle infrastructure grant-
36 related funding to include existing and future opportunities,
37 including state, federal, and other funds; and

1 (c) Coordination of grant funding criteria across agency grant
2 programs to most efficiently distribute state and federal electric
3 vehicle-related funding in a manner that is most beneficial to the
4 state, advances best practices, and recommends additional criteria
5 that could be useful in advancing transportation electrification.

6 (2) The council shall provide an annual report to the appropriate
7 committees of the legislature summarizing electric vehicle
8 implementation progress, gaps, and resource needs.

9 **Sec. 431.** RCW 46.68.480 and 2020 c 224 s 2 are each amended to
10 read as follows:

11 The Cooper Jones active transportation safety account is created
12 in the state treasury. All receipts from penalties collected under
13 RCW 46.63.170(6)(e), and sections 424(1)(1) and 425(1)(1) of this
14 act, shall be deposited into the account. Expenditures from the
15 account may be used only to fund grant projects or programs for
16 bicycle, pedestrian, and nonmotorist safety improvement administered
17 by the Washington traffic safety commission. The account is subject
18 to allotment procedures under chapter 43.88 RCW. Moneys in the
19 account may be spent only after appropriation.

20 NEW SECTION. **Sec. 432.** A new section is added to chapter 47.60
21 RCW to read as follows:

22 It is the intent of the legislature to fully fund the vessel and
23 terminal electrification program in accordance with the Washington
24 state ferries 2040 long range plan. The legislature finds that to
25 attain the 2040 target fleet size of 26 vessels, a biennial
26 replacement schedule is necessary to ensure the level of ferry
27 service and reliability expected by the public. Therefore, by June
28 30, 2025, the legislature will secure funding options, including but
29 not limited to a vessel surcharge, to devote the resources necessary
30 to fulfill the vessel and terminal needs outlined in the 2040 long
31 range plan.

32 **Part V**
33 **Miscellaneous**

34 NEW SECTION. **Sec. 501.** Sections 416 and 428 through 430 of this
35 act constitute a new chapter in Title 43 RCW.

1 NEW SECTION. **Sec. 502.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

5 NEW SECTION. **Sec. 503.** Sections 310 and 403 of this act expire
6 July 1, 2024.

7 NEW SECTION. **Sec. 504.** Section 404 of this act takes effect
8 July 1, 2024.

9 **Sec. 505.** 2020 c 224 s 3 (uncodified) is amended to read as
10 follows:

11 Section 1 of this act expires June 30, (~~2023~~) 2025.

12 NEW SECTION. **Sec. 506.** Section 424 of this act expires June 30,
13 2025.

14 NEW SECTION. **Sec. 507.** Section 425 of this act takes effect
15 June 30, 2025.

16 NEW SECTION. **Sec. 508.** Sections 312, 409 through 415, and 422
17 of this act are necessary for the immediate preservation of the
18 public peace, health, or safety, or support of the state government
19 and its existing public institutions, and take effect immediately.

20 NEW SECTION. **Sec. 509.** Sections 211, 212, 215, and 216 of this
21 act take effect October 1, 2022.

22 NEW SECTION. **Sec. 510.** Sections 213 and 214 of this act take
23 effect January 1, 2023, and apply to registrations that become due on
24 or after that date.

25 NEW SECTION. **Sec. 511.** Sections 201 through 206 of this act
26 take effect June 30, 2023.

27 NEW SECTION. **Sec. 512.** Sections 101 through 106, 207 through
28 210, 217, 301 through 311, 401 through 403, 405 through 408, 416

1 through 421, 423, 424, 426 through 430, and 505 of this act take
2 effect July 1, 2022.

--- **END** ---