
SENATE BILL 5092

State of Washington

68th Legislature

2023 Regular Session

By Senators King, Gildon, and Short

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1 AN ACT Relating to expanding the sales and use tax exemption to
2 include hybrid electric and gasoline vehicles but not plug-in hybrid
3 vehicles; amending RCW 82.08.9999 and 82.12.9999; providing an
4 effective date; and declaring an emergency.

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

6 **Sec. 1.** RCW 82.08.9999 and 2022 c 182 s 305 are each amended to
7 read as follows:

8 (1) Beginning (~~(August 1, 2019)~~) July 1, 2023, with sales made or
9 lease agreements signed on or after the qualification period start
10 date:

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

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

15 (ii) Use at least one method of propulsion that is capable of
16 being reenergized by an external source of electricity (~~and are~~
17 ~~capable of traveling at least 30 miles using only battery power~~);
18 (~~and~~) or

19 (iii) Are classified as hybrid electric and gasoline vehicles but
20 not plug-in hybrid vehicles; and

1 (iv) (A) Have a vehicle selling price plus trade-in property of
2 like kind for purchased vehicles that:

3 (I) For a vehicle that is a new vehicle at the time of the
4 purchase date or the date the lease agreement was signed, does not
5 exceed \$45,000; or

6 (II) For a vehicle that is a used vehicle at the time of the
7 purchase date or the date the lease agreement was signed, does not
8 exceed \$30,000; or

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

11 (I) For a vehicle that is a new vehicle at the time of the
12 purchase date or the date the lease agreement was signed, does not
13 exceed \$45,000; or

14 (II) For a vehicle that is a used vehicle at the time of the
15 purchase date or the date the lease agreement was signed, does not
16 exceed \$30,000;

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

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

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

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

28 (A) From the qualification period start date until July 31, 2021,
29 the maximum amount eligible under (b) (i) of this subsection is
30 \$25,000;

31 (B) From August 1, 2021, until July 31, 2023, the maximum amount
32 eligible under (b) (i) of this subsection is \$20,000;

33 (C) From August 1, 2023, until July 31, 2025, the maximum amount
34 eligible under (b) (i) of this subsection is \$15,000.

35 (iii) If the vehicle is a used vehicle at the time of the
36 purchase date or the date the lease agreement was signed, the maximum
37 amount eligible under (b) (i) of this subsection is \$16,000.

38 (2) The seller must keep records necessary for the department to
39 verify eligibility under this section. A person claiming the
40 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 (3) (a) The department of licensing must maintain and publish a
11 list of all vehicle models qualifying for the tax exemptions under
12 this section or RCW 82.12.9999 until the expiration date of this
13 section, and is authorized to issue final rulings on vehicle model
14 qualification for these criteria. A seller is not responsible for
15 repayment of the tax exemption under this section and RCW 82.12.9999
16 for a vehicle if the department of licensing's published list of
17 qualifying vehicle models on the purchase date or the date the lease
18 agreement was signed includes the vehicle model and the department of
19 licensing subsequently removes the vehicle model from the published
20 list, and, if applicable, the vehicle meets the qualifying criterion
21 under subsection (1) (a) (~~(iii)~~) (iv) (B) of this section and RCW
22 82.12.9999 (1) (a) (~~(iii)~~) (iv) (B).

23 (b) The department of revenue retains responsibility for
24 determining whether a vehicle meets the applicable qualifying
25 criterion under subsection (1) (a) (~~(iii)~~) (iv) (B) of this section
26 and RCW 82.12.9999 (1) (a) (~~(iii)~~) (iv) (B).

27 (4) By the last day of October 2019, and every six months
28 thereafter until this section expires, based on the best available
29 data, the department must report the following information to the
30 transportation committees of the legislature: The cumulative number
31 of vehicles that qualified for the exemption under this section and
32 RCW 82.12.9999 by month of purchase or lease start and vehicle make
33 and model; the dollar amount of all state retail sales and use taxes
34 exempted on or after the qualification period start date, under this
35 section and RCW 82.12.9999; and estimates of the future costs of
36 leased vehicles that qualified for the exemption under this section
37 and RCW 82.12.9999.

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

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

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

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

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

11 (e) "Qualification period start date" means August 1, 2019.

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

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

17 (b) All leased vehicles that qualified for the exemption under
18 this section before the qualification period end date must continue
19 to receive the exemption as described under subsection (1)(b) of this
20 section on any lease payments due through the remainder of the lease
21 before August 1, 2028.

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

23 (8) This section is supported by the revenues generated in RCW
24 46.17.324, and therefore takes effect only if RCW 46.17.324 is
25 enacted by June 30, 2019.

26 **Sec. 2.** RCW 82.12.9999 and 2022 c 182 s 306 are each amended to
27 read as follows:

28 (1) Beginning (~~(August 1, 2019)~~) July 1, 2023, beginning with
29 sales made or lease agreements signed on or after the qualification
30 period start date:

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

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

35 (ii) Use at least one method of propulsion that is capable of
36 being reenergized by an external source of electricity (~~(and are~~
37 ~~capable of traveling at least 30 miles using only battery power)~~);
38 ((~~and~~)) or

1 (iii) Are classified as hybrid electric and gasoline vehicles but
2 not plug-in hybrid vehicles; and

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

5 (I) For a vehicle that is a new vehicle at the time of the
6 purchase date or the date the lease agreement was signed, does not
7 exceed \$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 \$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 \$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 \$30,000;

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

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

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

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

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

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

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

37 (iii) If the vehicle is a used vehicle at the time of the
38 purchase date or the date the lease agreement was signed, the maximum
39 amount eligible under (b) (i) of this subsection is \$16,000.

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

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

23 (3) (a) Vehicles purchased or leased vehicles for which the lease
24 agreement was signed after the qualification period end date do not
25 qualify for the exemption under this section.

26 (b) All leased vehicles that qualified for the exemption under
27 this section before the qualification period end date must continue
28 to receive the exemption as described under subsection (1)(b) of this
29 section on any lease payments due through the remainder of the lease
30 before August 1, 2028.

31 (4) The definitions in RCW 82.08.9999 apply to this section.

32 (5) This section is supported by the revenues generated in RCW
33 46.17.324, and therefore takes effect only if RCW 46.17.324 is
34 enacted by June 30, 2019.

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

36 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
37 preservation of the public peace, health, or safety, or support of

1 the state government and its existing public institutions, and takes
2 effect July 1, 2023.

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