
HOUSE BILL 2042

State of Washington

66th Legislature

2019 Regular Session

By Representatives Fey, Orcutt, Slatter, and Doglio

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

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

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

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

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

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

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

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

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

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

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

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

25 (i) Seventy percent to the motor vehicle fund created in RCW
26 46.68.070;

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

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

31 (4) (a) In addition to the fee established in subsection (1) of
32 this section, before accepting an application for an annual vehicle
33 registration renewal for a vehicle that both (i) uses at least one
34 method of propulsion that is capable of being reenergized by an
35 external source of electricity and (ii) is capable of traveling at
36 least thirty miles using only battery power, the department, county
37 auditor or other agent, or subagent appointed by the director must
38 require the applicant to pay a ~~((fifty))~~ one hundred dollar fee.

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

1 ~~(i) The first one million dollars raised by the fee must be~~
2 ~~deposited into the multimodal transportation account created in RCW~~
3 ~~47.66.070; and~~

4 ~~(ii) Any remaining amounts must be)) deposited into the ((motor~~
5 ~~vehicle fund)) electric vehicle account created in RCW ((46.68.070))~~
6 ~~82.44.200.~~

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

10 NEW SECTION. **Sec. 4.** A new section is added to chapter 35.92
11 RCW to read as follows:

12 (1) The governing authority of an electric utility formed under
13 this chapter may adopt an electrification of transportation plan
14 that, at a minimum, establishes a finding that utility outreach and
15 investment in the electrification of transportation infrastructure
16 is: Cost-effective, using an industry-recognized cost test which may
17 include ratepayer impact measure or total resource cost.

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

29 (3) An electric utility formed under this chapter may, upon
30 making a cost-effectiveness determination in accordance with
31 subsection (1) of this section, offer incentive programs in the
32 electrification of transportation for its customers, including
33 advertising programs to promote the utility's services, incentives,
34 or rebates.

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

37 (1) Subject to the availability of amounts appropriated for this
38 specific purpose, the department's public-private partnership office

1 must develop and maintain a (~~pilot~~) program to support the
2 deployment of electric vehicle charging infrastructure that is
3 supported by private financing.

4 (2) The department must define corridors in which bidders may
5 propose to install electric vehicle charging infrastructure, and may
6 update these corridors over time as needed. Alternatively, a bidder
7 may propose a corridor in which the bidder proposes to install
8 electric vehicle infrastructure if the department has adopted rules
9 allowing such a proposal and establishing guidelines for how such a
10 proposal will be considered.

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

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

17 (ii) Bidders must demonstrate that the proposed project will be
18 valuable to electric vehicle drivers and will address an existing gap
19 in the state's electric vehicle charging station infrastructure;

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

22 (iv) Bidders must specify how the project captures the indirect
23 value of charging station deployment to the private partner.

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

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

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

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

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

38 (6) The department may conduct preliminary workshops with
39 potential bidders and other potential private sector partners to
40 determine the best method of designing and maintaining the (~~pilot~~)

1 program, discuss how to develop and maintain the partnerships among
2 the private sector partners that may receive indirect value, and any
3 other issues relating to the implementation and administration of
4 this section. The department should consider regional workshops to
5 engage potential business partners from across the state.

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

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

10 (1) The commission of a public utility district may adopt an
11 electrification of transportation plan that, at a minimum,
12 establishes a finding that outreach and investment in the
13 electrification of transportation infrastructure is: Cost-effective,
14 using an industry-recognized cost test which may include ratepayer
15 impact measure or total resource cost.

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

28 (3) A public utility district may, upon making a cost-
29 effectiveness determination in accordance with subsection (1) of this
30 section, offer incentive programs in the electrification of
31 transportation for its customers, including advertising programs to
32 promote the district's services, incentives, or rebates.

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

35 (1) An electric utility regulated by the utilities and
36 transportation commission under this chapter may submit to the
37 commission an electrification of transportation plan that deploys
38 electric vehicle supply equipment or provides other electric

1 transportation programs, services, or incentives to support
2 electrification of transportation, provided that such electric
3 vehicle supply equipment, programs, or services may not increase
4 costs to customers in excess of one-quarter of one percent above the
5 benefits of electric transportation to all customers over a period
6 consistent with the utility's planning horizon under its most recent
7 integrated resource plan.

8 (2) In reviewing an electrification of transportation plan under
9 subsection (1) of this section, the commission shall consider the
10 following: (a) The applicability of multiple options for
11 electrification of transportation across all customer classes; (b)
12 the impact of electrification on the utility's load, and whether
13 demand response or other load management opportunities, including
14 direct load control and dynamic pricing, are operationally
15 appropriate; (c) system reliability and distribution system
16 efficiencies; (d) interoperability concerns, including the
17 interoperability of hardware and software systems in electrification
18 of transportation proposals; and (e) overall customer experience. The
19 commission shall acknowledge submittal of an electrification of
20 transportation plan within four months of the submittal of the plan.
21 The commission may provide comment on the plan in its acknowledgment
22 letter.

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

25 (1) In establishing rates for each electrical company regulated
26 under this title, the commission may allow an incentive rate of
27 return on investment on capital expenditures for electric vehicle
28 supply equipment that is deployed (~~for the benefit of ratepayers~~)
29 consistent with an electrification of transportation plan submitted
30 by a utility, provided that the capital expenditures do not increase
31 costs to ratepayers in excess of one-quarter of one percent. The
32 commission must consider and may adopt other policies to improve
33 access to and promote fair competition in the provision of electric
34 vehicle supply equipment.

35 (2) An incentive rate of return on investment under this section
36 may be allowed only if the company chooses to pursue capital
37 investment in electric vehicle supply equipment on a fully regulated
38 basis similar to other capital investments behind a customer's meter.
39 In the case of an incentive rate of return on investment allowed

1 under this section, an increment of up to two percent must be added
2 to the rate of return on common equity allowed on the company's other
3 investments.

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

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

18 (5) By December 31, 2017, the commission must report to the
19 appropriate committees of the legislature with regard to the use of
20 any incentives allowed under this section, the quantifiable impacts
21 of the incentives on actual electric vehicle deployment, and any
22 recommendations to the legislature about utility participation in the
23 electric vehicle market.

24 NEW SECTION. **Sec. 9.** This section is the tax preference
25 performance statement for the tax preferences contained in sections
26 10 through 16, chapter . . . , Laws of 2019 (sections 10 through 16 of
27 this act). The performance statement is only intended to be used for
28 subsequent evaluation of the tax preference. It is not intended to
29 create a private right of action by any party or be used to determine
30 eligibility for preferential tax treatment.

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

34 (2) It is the legislature's specific public policy objective to
35 increase the use of clean alternative fuel vehicles in Washington. It
36 is the legislature's intent to establish and extend tax incentive
37 programs for alternative fuel vehicles and related infrastructure by:
38 (a) Reinstating the sales and use tax exemption on certain clean
39 alternative fuel vehicles in order to reduce the price charged to

1 customers for clean alternative fuel vehicles; (b) extending the
 2 business and occupation and public utility tax credit for clean
 3 alternative fuel commercial vehicles and expanding it to include
 4 clean alternative fuel infrastructure; (c) extending the sales and
 5 use tax exemption for electric vehicle batteries and infrastructure
 6 and expanding it to include the electric battery component of
 7 electric buses; and (d) extending the leasehold excise tax exemption
 8 to tenants of public lands for electric vehicle infrastructure.

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

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

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

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

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

36 (ii) A person who is taxable under this chapter is allowed a
 37 credit against the tax imposed in this chapter for up to fifty

1 percent of the cost to purchase alternative fuel vehicle
2 infrastructure, tangible personal property that will become a
3 component of alternative fuel vehicle infrastructure, and
4 installation and construction of alternative fuel vehicle
5 infrastructure, but excluding the cost of property acquisition and
6 site improvement related to the installation of alternative fuel
7 vehicle infrastructure.

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

16 (c) The credit provided in (a)(i) of this subsection (~~((1))~~) is
17 available for the lease of a vehicle. The credit amount for a leased
18 vehicle is equal to the credit in (a)(i) of this subsection (~~((1))~~)
19 multiplied by the lease reduction factor. The person claiming the
20 credit for a leased vehicle must be the lessee as identified in the
21 lease contract.

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

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

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

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

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

1 limit is reached. In addition, the department must provide written
2 notice to any person who has applied to claim tax credits in excess
3 of the limitation in this subsection.

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

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

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

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

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

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

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

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

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

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

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

40 (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 days of notice of credit availability from the
7 department, provide notice of intent to claim the credit including:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

35 (b) A credit is earned when the purchaser or the lessee takes
36 receipt of the qualifying commercial vehicle or infrastructure-
37 related item, the vehicle conversion is complete, or the construction
38 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 February,
5 May, August, and November of each year thereafter, the department
6 must notify the state treasurer of the amount of credits taken under
7 this section as reported on returns filed with the department during
8 the preceding calendar quarter ending on the last day of December,
9 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) The definitions in this subsection apply throughout this
24 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. The fixed points or
33 regular route may be updated on a regular basis. "Auto transportation
34 company" also includes "private, nonprofit transportation provider"
35 as defined in RCW 81.66.010 and "charter party carrier" as defined in
36 RCW 81.70.020.

37 ~~((b))~~ (c) "Clean alternative fuel" means electricity, dimethyl
38 ether, hydrogen, methane, natural gas, liquefied natural gas,
39 compressed natural gas, or propane.

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

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

11 ~~((e))~~ (f) "Lease reduction factor" means the vehicle gross
12 capitalized cost less the residual value, divided by the gross
13 capitalized cost.

14 ~~((f))~~ (g) "Qualifying used commercial vehicle" means vehicles
15 that:

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

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

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

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

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

28 ~~((16))~~ (17) Credits may be earned under this section from
29 January 1, 2016, through January 1, ~~((2021))~~ 2030, except for credits
30 for leased vehicles, which may be earned from July 1, 2016, through
31 January 1, ~~((2021))~~ 2030.

32 ~~((17))~~ (18) Credits earned under this section may not be used
33 after January 1, ~~((2022))~~ 2031.

34 ~~((18))~~ (19) This section expires January 1, ~~((2022))~~ 2031.

35 NEW SECTION. **Sec. 11.** A new section is added to chapter 82.08
36 RCW to read as follows:

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

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

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

5 (ii) Use at least one method of propulsion that is capable of
6 being reenergized by an external source of electricity and are
7 capable of traveling at least thirty miles using only battery power;
8 and

9 (iii)(A) Have at the time of sale a lowest manufacturer's
10 suggested retail price of forty-two thousand five hundred dollars or
11 less, as determined by the department of licensing, for the base
12 model; or

13 (B) Have at the inception of the lease a lowest manufacturer's
14 suggested retail price of forty-two thousand five hundred dollars or
15 less, as determined by the department of licensing, for the base
16 model;

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

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

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

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

35 (2) The seller must keep records necessary for the department to
36 verify eligibility under this section. A person claiming the
37 exemption must also submit itemized information to the department for
38 all vehicles for which an exemption is claimed that must include the
39 following: Vehicle make; vehicle model; model year; whether the
40 vehicle has been sold or leased; date of sale or start date of lease;

1 length of lease; and the total amount qualifying for the incentive
2 claimed for each vehicle, in addition to the future monthly amount to
3 be claimed for each leased vehicle. This information must be provided
4 in a form and manner prescribed by the department.

5 (3) The department of licensing must maintain and publish a list
6 of all vehicle models qualifying for the sales tax exemption under
7 this section and the use tax exemption under section 12 of this act
8 until the expiration date of this section, and is authorized to issue
9 final rulings on vehicle model qualification. A seller is not
10 responsible for repayment of the tax exemption under this section and
11 section 12 of this act for a vehicle if the department of licensing's
12 published list of qualifying vehicle models on the purchase date or
13 the date the lease agreement was signed includes the vehicle's base
14 model and the department of licensing subsequently removes the
15 vehicle's base model from the published list.

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

27 (5) 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 section 12 of this act by month of purchase or lease start and
33 vehicle make and model; the dollar amount of all state retail sales
34 and use taxes exempted on or after the qualification period start
35 date, under this section and section 12 of this act; and estimates of
36 the future costs of leased vehicles that qualified for the exemption
37 under this section and section 12 of this act.

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

1 (a) "Base model" means the lowest priced version of the vehicle
2 model for which the exemption under this section or section 12 of
3 this act is sought that:

4 (i) Is the same model year as the vehicle for which the exemption
5 under this section or section 12 of this act is sought;

6 (ii) Meets the same criteria of subsection (1)(a)(i) through
7 (iii) of this section as the vehicle for which the exemption under
8 this section or section 12 of this act is sought; and

9 (iii) Is available for retail sale or lease to consumers.

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

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

16 (d) "Qualification period start date" means the effective date of
17 this section.

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

22 (b) All leased vehicles that qualified for the exemption under
23 this section before the qualification period end date must continue
24 to receive the exemption as described under subsection (1)(b) of this
25 section on any lease payments due through the remainder of the lease
26 before the expiration date of this section.

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

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

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

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

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

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

1 (iii)(A) Have at the time of sale a lowest manufacturer's
2 suggested retail price of forty-two thousand five hundred dollars or
3 less, as determined by the department of licensing, for the base
4 model; or

5 (B) Have at the inception of the lease a lowest manufacturer's
6 suggested retail price of forty-two thousand five hundred dollars or
7 less, as determined by the department of licensing, for the base
8 model;

9 (b)(i) The exemption in this section is only applicable for up to
10 the amounts specified in (b)(ii) of this subsection of:

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

13 (B) The total lease payments made plus any additional purchase
14 price of the leased vehicle if the original lessee purchases the
15 leased vehicle before the qualification period end date, for lease
16 agreements signed.

17 (ii) Based on the purchase date or the date the lease agreement
18 was signed of the vehicle:

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

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

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

27 (2) The seller must keep records necessary for the department to
28 verify eligibility under this section. A person claiming the
29 exemption must also submit itemized information to the department for
30 all vehicles for which an exemption is claimed that must include the
31 following: Vehicle make; vehicle model; model year; whether the
32 vehicle has been sold or leased; date of sale or start date of lease;
33 length of lease; and the total amount qualifying for the incentive
34 claimed for each vehicle, in addition to the future monthly amount to
35 be claimed for each leased vehicle. This information must be provided
36 in a form and manner prescribed by the department.

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

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

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

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

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

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

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

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

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

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

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

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

32 (e) The sale of zero emissions buses.

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

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

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

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

12 (c) "Electric vehicle infrastructure" means structures,
13 machinery, and equipment necessary and integral to support an
14 electric vehicle, including battery charging stations, rapid charging
15 stations, and battery exchange stations.

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

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

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

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

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

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

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

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

36 (d) Zero emissions buses.

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

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

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

12 (c) "Electric vehicle infrastructure" means structures,
13 machinery, and equipment necessary and integral to support an
14 electric vehicle, including battery charging stations, rapid charging
15 stations, and battery exchange stations.

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

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

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

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

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

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

Above 26,500 pounds	50% of incremental cost	\$100,000	((\$2,000,000))
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(ii) A person who is taxable under this chapter is allowed a credit against the tax imposed in this chapter for up to fifty percent of the cost to purchase alternative fuel vehicle infrastructure, tangible personal property that will become a component of alternative fuel vehicle infrastructure, and installation and construction of alternative fuel vehicle infrastructure, but excluding the cost of property acquisition and site improvement related to the installation of alternative fuel vehicle infrastructure.

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

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

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

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

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

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

(a) The department must disallow any credits, or portion thereof, that would cause the total amount of credits claimed under this section, and RCW 82.04.4496, during any calendar year to exceed six

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

7 (b) The department must disallow any credits, or portion thereof,
8 that would cause the total amount of credits claimed beginning July
9 15, 2015, under this section and RCW 82.04.4496 to exceed thirty-two
10 and one-half million dollars. The department must provide
11 notification on its web site monthly on the total amount of credits
12 that have been applied for, the amount issued, and the amount
13 remaining before the statewide limit is reached. In addition, the
14 department must provide written notice to any person who has applied
15 to claim tax credits in excess of the limitation in this subsection.

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

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

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

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

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

29 (ii) A quote or unexecuted copy of the purchase requisition or
30 order for the vehicle, infrastructure, infrastructure components,
31 infrastructure construction, or infrastructure installation;

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

34 (iv) The incremental cost of the alternative fuel system for
35 vehicle credits;

36 (v) The anticipated delivery date of the vehicle, the anticipated
37 delivery date of the infrastructure or infrastructure components, the
38 anticipated construction completion date of the infrastructure, or
39 the anticipated installation completion date of the infrastructure;

1 (vi) The estimated annual fuel use of the vehicle in the
2 anticipated duties or the estimated annual fuel to be supplied by the
3 infrastructure;

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

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

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

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

12 (i) A copy of the order for the vehicle or infrastructure-related
13 item, including the total cost for the vehicle or infrastructure-
14 related item;

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

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

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

23 (c) Provide final documentation within fifteen days of receipt of
24 the vehicle or infrastructure or infrastructure components or of
25 completion of construction or installation of the infrastructure,
26 including:

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

29 (ii) A copy of the factory build sheet or equivalent
30 documentation;

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

32 (iv) The incremental cost of the alternative fuel system for
33 vehicle credits;

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

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

1 (9) A person applying for credit under subsection (8) of this
2 section may apply for multiple vehicles on the same application, but
3 the application must include the required information for each
4 vehicle included in the application. A separate application is
5 required for infrastructure-related items, but all infrastructure-
6 related items at a single location may be included in a single
7 application provided the required information for each
8 infrastructure-related item is included in the application.

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

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

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

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

21 (d) Within fifteen days of receipt of final documentation, review
22 the documentation and notify the person applying of the acceptance of
23 their final documentation.

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

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

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

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

36 (iii) Sales of alternative fuel vehicle infrastructure or
37 infrastructure components, or the cost of construction or
38 installation of alternative fuel vehicle infrastructure.

39 (b) A credit is earned when the purchaser or the lessee takes
40 receipt of the qualifying commercial vehicle or infrastructure-

1 related item, the vehicle conversion is complete, or the construction
2 or installation of the infrastructure is complete.

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

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

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

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

18 (16) Credits may be earned under this section from January 1,
19 2016, through January 1, (~~2021~~) 2030, except for credits for leased
20 vehicles, which may be earned from July 1, 2016, through January 1,
21 (~~2021~~) 2030.

22 (17) Credits earned under this section may not be used after
23 January 1, (~~2022~~) 2031.

24 (18) This section expires January 1, (~~2022~~) 2031.

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

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

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

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

37 (b) "Battery exchange station" means a fully automated facility
38 that will enable an electric vehicle with a swappable battery to
39 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 an
6 electric vehicle, including battery charging stations, rapid charging
7 stations, and battery exchange stations.

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

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

14 **Sec. 17.** RCW 82.44.200 and 2015 3rd sp.s. c 44 s 404 are each
15 amended to read as follows:

16 The electric vehicle ((charging—infrastructure)) account is
17 created in the transportation infrastructure account. Proceeds from
18 the principal and interest payments made on loans from the account
19 must be deposited into the account. Expenditures from the account may
20 be used only for the purposes specified in RCW 47.04.350 and sections
21 11 and 12 of this act. Moneys in the account may be spent only after
22 appropriation.

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

25 (1) Subject to the availability of amounts appropriated for this
26 specific purpose, the department's public-private partnership office
27 must develop a pilot program to support electric vehicle car sharing
28 programs to provide electric vehicle use opportunities to underserved
29 communities and low to moderate income members of the workforce not
30 readily served by transit or located in transportation corridors with
31 emissions that exceed federal or state emissions standards. Nonprofit
32 organizations with a demonstrated history of managing or implementing
33 low-income transportation electric and shared mobility pilot programs
34 are eligible to participate in this program.

35 (2) The department must determine specific eligibility criteria,
36 based on the requirements of this section, the report submitted to
37 the legislature by the Puget Sound clean air agency entitled
38 facilitating low-income utilization of electric vehicles, and other

1 factors relevant to increasing electric vehicle use in underserved
2 and low to moderate income communities. The department may adopt
3 rules specifying the eligibility criteria it selects.

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

7 (4) The department must include the following elements in its
8 proposal evaluation and scoring methodology: History of successful
9 management of equity focused electric vehicle projects; substantial
10 level of involvement from community-based, equity focused
11 organizations in the project; plan for long-term financial
12 sustainability of the work beyond the duration of the grant period;
13 matching resources leveraged for the project; and geographical
14 diversity of the projects selected.

15 (5) After selecting successful proposals under this section, the
16 department may provide grant funding to them. The total grant amount
17 available per project may range from fifty thousand to two hundred
18 thousand dollars. The grant opportunity must include possible funding
19 of vehicles, charging infrastructure, staff time, and any other
20 expenses required to implement the project. No more than ten percent
21 of grant funds may be used for administrative expenses.

22 NEW SECTION. **Sec. 19.** Subject to the availability of amounts
23 appropriated for this specific purpose, the department of commerce
24 must conduct a study to identify opportunities to reduce barriers to
25 electric vehicle adoption by lower income residents of the state
26 through the use of vehicle and infrastructure financing assistance.
27 The study must include an assessment of opportunities to work with
28 nonprofit lenders to facilitate vehicle purchases through the use of
29 loan-loss reserves and rate buy downs by qualified borrowers
30 purchasing electric vehicles that are eligible for the tax exemptions
31 under sections 11 and 12 of this act, and may address additional
32 financing assistance opportunities identified. The study must focus
33 on potential borrowers who are at or below eighty percent of the
34 state median household income. The study may also address any
35 additional opportunities identified to increase electric vehicle
36 adoption by lower income residents of the state.

37 The department of commerce must provide a report detailing the
38 findings of this study to the transportation committees of the

1 legislature by December 1, 2019, and may contract with a consultant
2 on all or a portion of the study.

3 NEW SECTION. **Sec. 20.** (1) Subject to the availability of
4 amounts appropriated for this specific purpose, the joint
5 transportation committee shall produce a report that analyzes the
6 policy, technology, and infrastructure changes necessary to
7 transition Washington to a low-carbon transportation network in a
8 manner that minimizes costs and maximizes benefits for Washington's
9 economy, improves and modernizes Washington's energy infrastructure,
10 and maintains electric system reliability. The report must be
11 directed at achieving carbon emission reductions in the
12 transportation sector consistent with a state economy-wide reduction
13 target of eighty percent below 1990 carbon emission levels, and must
14 analyze the changes necessary to transition Washington's
15 transportation network in order to meet the following:

16 (a) All privately owned passenger and light duty vehicles of
17 model year 2035 or later sold or registered in Washington state be
18 zero emission vehicles;

19 (b) All vehicles of model year 2025 or later operated by agencies
20 or local government subdivisions of the state of Washington be zero
21 emission vehicles, or other vehicles that use nonfossil alternative
22 fuels when zero emission vehicles are impracticable;

23 (c) Public transit vehicle fleets be zero emission by 2040; and

24 (d) Short-haul air travel, rail, freight vehicles, and long
25 distance transit rely on nonfossil alternative fuels by 2040.

26 (2) The report must include, at a minimum, the following
27 elements:

28 (a) An analysis of reduction pathways to achieve the emission
29 reduction target identified in subsection (1) of this section. The
30 analysis should evaluate a number of strategies, including increased
31 utilization of public transportation, transition of fleets and
32 personal vehicles to zero emission vehicles, and other strategies
33 designed to reduce vehicle miles traveled. This analysis shall seek
34 to minimize costs and maximize benefits, especially to low-income and
35 vulnerable communities;

36 (b) Predicted number, type, year of installation, and geographic
37 distribution of fueling stations needed to support the adoption of
38 zero emission vehicles, and the predicted yearly investments needed
39 to construct such fueling stations;

1 (c) An analysis of the generation, transmission, and distribution
2 upgrades and infrastructure buildout needed to support widespread
3 adoption of zero emission vehicles, and an analysis of the investment
4 required to implement such upgrades;

5 (d) An analysis of the strategies utilities may employ to achieve
6 transportation electrification goals at the lowest reasonable cost,
7 especially to low-income customers, including but not limited to:
8 Upgrades to electrical transmission and distribution systems,
9 programs, incentives, and investments, and changes to rate design
10 that are necessary to meet the emission reduction target identified
11 in subsection (1) of this section;

12 (e) An estimate of the cost differential between the purchase
13 price of new zero emission and internal combustion engine vehicles
14 over the next thirty years;

15 (f) An analysis of the predicted lifetime cost of ownership of
16 zero emission vehicles compared to internal combustion engine
17 vehicles;

18 (g) An analysis of the effect of widespread adoption of zero
19 emission vehicles on state transportation revenues, and
20 recommendations as to alternative sources of revenues to replace fuel
21 tax revenues;

22 (h) Predicted yearly change in gasoline and diesel sales in the
23 state as a result of widespread adoption of zero emission vehicles;

24 (i) An analysis of the impacts of widespread adoption of zero
25 emission vehicles for low-income persons, and strategies for
26 maximizing equity during the transition to widespread adoption of
27 zero emission vehicles;

28 (j) An analysis of the impact on Washington's air quality,
29 including change in greenhouse gas emissions, as a result of the
30 widespread adoption of zero emission vehicles, with a particular
31 focus on areas that are designated by the federal government as
32 nonattainment or maintenance areas under the federal clean air act,
33 or by the department of ecology as being at risk of nonattainment;

34 (k) An analysis of the potential costs and potential economic and
35 noneconomic benefits to Washington's economy as a result of
36 widespread adoption of zero emission vehicles, using the best
37 available scientific and economic models. This analysis must include
38 impacts on health, air pollution, and greenhouse gas emissions and
39 the associated costs and economic benefits;

1 (1) An analysis of the potential modifications and additions to
2 the current state commute trip reduction including, but not limited
3 to, changes to the size of vanpools, definitions of a commute trip,
4 commute trip times, first and last mile options, and eligibility size
5 for entities participating in the program; and

6 (m) An analysis of the generation, transmission, and distribution
7 upgrades and infrastructure buildouts needed by each public transit
8 agency in order for all public transit vehicle fleets to be zero
9 emission by 2040.

10 (3) The report must outline scenarios that will achieve the
11 requirements and goals listed in subsection (1) of this section that
12 include iterations of the following:

13 (a) Technology adoption benchmarks based on slower and more rapid
14 time frames;

15 (b) Compliance scenarios that include increased public
16 transportation utilization, multimodal transportation options, and
17 reduced vehicle miles traveled; and

18 (c) Revenue and spending analysis associated with the different
19 scenarios based on benchmarking and different transportation options.

20 (4) In producing the report, the joint transportation committee
21 shall:

22 (a) Consult with, at a minimum, the department of commerce, the
23 department of ecology, the department of transportation, and the
24 utilities and transportation commission;

25 (b) Conduct a series of public workshops to give interested
26 parties an opportunity to comment on the report, especially including
27 disadvantaged and low-income communities, and communities of color;

28 (c) Convene an advisory committee, of at least nine members, to
29 advise it in developing the report. The advisory committee must be
30 composed of representatives from communities in the state who would
31 experience the greatest benefits or disadvantages from widespread
32 adoption of electric and zero emission vehicles including, but not
33 limited to, communities of color and low-income communities;

34 (d) Appoint an economic and technology advancement advisory
35 committee to advise the joint transportation committee on activities
36 that will facilitate investment in and implementation of
37 technological research and development opportunities including, but
38 not limited to, identifying new technology research, demonstration
39 projects, funding opportunities, developing state, national, and
40 international partnerships and technology transfer opportunities, and

1 identifying and assessing research and advanced technology investment
2 and incentive opportunities that will assist in moving away from
3 internal combustion engine vehicles and toward zero emission
4 vehicles. The advisory committee may also advise the joint
5 transportation committee on state, regional, national, and
6 international economic and technological developments related to zero
7 emission vehicles; and

8 (e) Consult with other states, the federal government, and other
9 nations to identify the most effective strategies and methods to
10 provide adequate fueling infrastructure and meet other needs created
11 by the widespread adoption of zero emission vehicles.

12 (5) The joint transportation committee shall submit the report,
13 in accordance with RCW 43.01.036, to the standing committees of the
14 house of representatives and senate with jurisdiction over energy,
15 the environment, and transportation, by January 1, 2021.

16 (6) For the purposes of this section, "zero emission vehicle"
17 means a vehicle that emits no exhaust, including no greenhouse gases,
18 from the onboard source of power. This definition includes, but is
19 not limited to, electric vehicles and hydrogen fuel cell electric
20 vehicles.

21 (7) This section expires January 1, 2021.

22 NEW SECTION. **Sec. 21.** A new section is added to chapter 47.66
23 RCW to read as follows:

24 (1)(a) The department shall establish a green transportation
25 capital grant program. The purpose of the grant program is to aid any
26 transit authority in funding cost-effective capital projects such as
27 electrification of vehicle fleets, modification or replacement of
28 capital facilities in order to facilitate fleet electrification,
29 necessary upgrades to electrical transmission and distribution
30 systems, and construction of charging and fueling stations, which
31 reduce the carbon intensity of the Washington transportation system.
32 The department shall identify projects and shall submit a prioritized
33 list of all projects requesting funding to the legislature by
34 December 1st of each even-numbered year.

35 (b) The department shall select projects based on a competitive
36 process that considers the following criteria:

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

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

3 (2) The department must establish an advisory committee to assist
4 in identifying projects under subsection (1) of this section. The
5 advisory committee must include representatives from the department
6 of ecology, the department of commerce, the utilities and
7 transportation commission, and at least one transit authority.

8 (3) In order to receive green transportation capital grant
9 program funding for a project, a transit authority must provide
10 matching funding for that project that is at least equal to the
11 amount of funding provided through the green transportation capital
12 grant program.

13 (4) The department must report annually to the transportation
14 committees of the legislature on the status of any grant projects
15 funded by the program created under this section.

16 (5) For purposes of this section, "transit authority" means a
17 city transit system under RCW 35.58.2721 or chapter 35.95A RCW, a
18 county public transportation authority under chapter 36.57 RCW, a
19 metropolitan municipal corporation transit system under chapter 36.56
20 RCW, a public transportation benefit area under chapter 36.57A RCW,
21 an unincorporated transportation benefit area under RCW 36.57.100, a
22 regional transit authority under chapter 81.112 RCW, or any special
23 purpose district formed to operate a public transportation system.

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

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

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