
SECOND SUBSTITUTE HOUSE BILL 2042

State of Washington

66th Legislature

2019 Regular Session

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

READ FIRST TIME 04/22/19.

1 AN ACT Relating to advancing green transportation adoption;
2 amending RCW 28B.30.903, 46.17.323, 47.04.350, 80.28.---, 80.28.360,
3 82.04.4496, 82.08.816, 82.12.816, 82.16.0496, 82.29A.125, and
4 82.44.200; amending 2019 c ... (SHB 1512) s 1 (uncodified);
5 reenacting and amending RCW 43.84.092; adding a new section to
6 chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; adding
7 a new section to chapter 47.04 RCW; adding a new section to chapter
8 47.66 RCW; creating new sections; providing effective dates; and
9 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 vehicles and vessels and other clean
13 alternative fuel vehicles will help to reduce harmful air pollution
14 from exhaust emissions, including greenhouse gas emissions, in the
15 state. The legislature also finds that an increased reliance on
16 greener transit options will help to further reduce harmful air
17 pollution from exhaust emissions. The legislature further finds that
18 support for clean alternative fuel infrastructure can help to
19 increase adoption of green transportation in the state, as noted in a
20 2015 joint transportation committee report. It is therefore the
21 legislature's intent to drive green vehicle and vessel adoption and

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

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

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

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

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

37 (1) Before accepting an application for an annual vehicle
38 registration renewal for a vehicle that both (a) uses at least one

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

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

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

21 (b) Except as provided in (c) of this subsection, if in any year
22 the amount of proceeds from the fee collected under subsection (1) of
23 this section exceeds one million dollars, the excess amount over one
24 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 (c) Beginning August 1, 2019, until August 1, 2024, all proceeds
32 from the fee in subsection (1) of this section must be deposited in
33 the electric vehicle account created in RCW 82.44.200.

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

1 require the applicant to pay a ~~((fifty))~~ one hundred dollar fee until
2 August 1, 2029. Beginning August 1, 2029, the additional fee
3 established in this subsection is reduced to fifty dollars.

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

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

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

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

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

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

22 (2) The department must define corridors in which bidders may
23 propose to install electric vehicle charging infrastructure or
24 hydrogen fueling stations, and may update these corridors over time
25 as needed. Alternatively, a bidder may propose a corridor in which
26 the bidder proposes to install electric vehicle infrastructure or
27 hydrogen fueling stations if the department has adopted rules
28 allowing such a proposal and establishing guidelines for how such a
29 proposal will be considered.

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

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

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

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

3 (iv) Bidders must specify how the project captures the indirect
4 value of charging or refueling station deployment to the private
5 partner.

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

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

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

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

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

20 (6) The department may conduct preliminary workshops with
21 potential bidders and other potential private sector partners to
22 determine the best method of designing and maintaining the (~~(pilot)~~)
23 program, discuss how to develop and maintain the partnerships among
24 the private sector partners that may receive indirect value, and any
25 other issues relating to the implementation and administration of
26 this section. The department should consider regional workshops to
27 engage potential business partners from across the state.

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

30 **Sec. 5.** 2019 c ... (SHB 1512) s 1 (uncodified) is amended to
31 read as follows:

32 The legislature finds that:

33 (1) Programs for the electrification of transportation have the
34 potential to allow electric utilities to optimize the use of electric
35 grid infrastructure, improve the management of electric loads, and
36 better manage the integration of variable renewable energy resources.
37 Depending upon each utility's unique circumstances, electrification
38 of transportation programs may provide cost-effective energy
39 efficiency, through more efficient use of energy resources, and more

1 efficient use of the electric delivery system. Electrification of
2 transportation may result in cost savings and benefits for all
3 ratepayers.

4 (2) State policy can achieve the greatest return on investment in
5 reducing greenhouse gas emissions and improving air quality by
6 expediting the transition to alternative fuel vehicles, including
7 electric vehicles. Potential benefits associated with electrification
8 of transportation include the monetization of environmental
9 attributes associated with carbon reduction in the transportation
10 sector.

11 (3) Legislative clarity is important for utilities to offer
12 programs and services, including incentives, in the electrification
13 of transportation for their customers. It is the intent of the
14 legislature to allow all utilities to support transportation
15 electrification to further the state's policy goals and achieve
16 parity among all electric utilities, so each electric utility,
17 depending on its unique circumstances, can determine its appropriate
18 role in the development of electrification of transportation
19 infrastructure.

20 **Sec. 6.** RCW 80.28.--- and 2019 c ... (SHB 1512) s 4 are each
21 amended to read as follows:

22 (1) An electric utility regulated by the utilities and
23 transportation commission under this chapter may submit to the
24 commission an electrification of transportation plan that deploys
25 electric vehicle supply equipment or provides other electric
26 transportation programs, services, or incentives to support
27 electrification of transportation(~~(, provided that such electric~~
28 ~~vehicle supply equipment, programs, or services may not increase~~
29 ~~costs to customers in excess of one-quarter of one percent above the~~
30 ~~benefits of electric transportation to all customers over a period~~
31 ~~consistent with the utility's planning horizon under its most recent~~
32 ~~integrated resource plan)). The plans should align to a period
33 consistent with either the utility's planning horizon under its most
34 recent integrated resource plan or the time frame of the actions
35 contemplated in the plan, and may include:~~

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

1 (b) Anticipated benefits of transportation electrification, based
2 on a forecast of electric transportation in the utilities' service
3 territory; and

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

6 (2) In reviewing an electrification of transportation plan under
7 subsection (1) of this section, the commission may consider the
8 following: (a) The applicability of multiple options for
9 electrification of transportation across all customer classes; (b)
10 the impact of electrification on the utility's load, and whether
11 demand response or other load management opportunities, including
12 direct load control and dynamic pricing, are operationally
13 appropriate; (c) system reliability and distribution system
14 efficiencies; (d) interoperability concerns, including the
15 interoperability of hardware and software systems in electrification
16 of transportation proposals; and (e) the benefits and costs of the
17 planned actions (~~and (f) the overall customer experience~~).

18 (3) The commission must issue an acknowledgment of an
19 electrification of transportation plan within six months of the
20 submittal of the plan. The commission may establish by rule the
21 requirements for preparation and submission of an electrification of
22 transportation plan. An electric utility may submit a plan under this
23 section before or during rule-making proceedings.

24 **Sec. 7.** RCW 80.28.360 and 2019 c ... (SHB 1512) s 5 are each
25 amended to read as follows:

26 (1) In establishing rates for each electrical company regulated
27 under this title, the commission may allow an incentive rate of
28 return on investment through December 31, 2030, on capital
29 expenditures for electric vehicle supply equipment that is deployed
30 for the benefit of ratepayers, provided that the capital expenditures
31 of the utilities' programs or plans in section 6(1) of this act do
32 not increase ((costs to ratepayers)) the annual retail revenue
33 requirement of the utility, after accounting for the benefits of
34 transportation electrification in each year of the plan, in excess of
35 one-quarter of one percent. The commission must consider and may
36 adopt other policies to improve access to and promote fair
37 competition in the provision of electric vehicle supply equipment.

38 (2) An incentive rate of return on investment under this section
39 may be allowed only if the company chooses to pursue capital

1 investment in electric vehicle supply equipment on a fully regulated
2 basis similar to other capital investments behind a customer's meter.
3 In the case of an incentive rate of return on investment allowed
4 under this section, an increment of up to two percent must be added
5 to the rate of return on common equity allowed on the company's other
6 investments.

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

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

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

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

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

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

37 (a) Reinstating the sales and use tax exemption on certain clean
38 alternative fuel vehicles in order to reduce the price charged to
39 customers for clean alternative fuel vehicles; (b) extending the

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

9 (3) To measure the effectiveness of the tax preferences in
 10 sections 9 through 15, chapter . . ., Laws of 2019 (sections 9
 11 through 15 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. 9.** 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 maximum
 30 annual credit amount per vehicle class.

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

Above 26,500 pounds	((50%)) 75% of incremental cost	\$100,000	\$2,000,000
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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. The credit is subject to a maximum annual credit amount of two million dollars.

(b) On September 1st of each year, any unused credits from any ~~((weight class))~~ category identified in ~~((the table in))~~ (a) of this subsection must be made available to applicants applying for credits under any other ~~((weight class listed))~~ category identified in (a) of this subsection, subject to the maximum annual and total credit amounts identified in this subsection. The credit established in this section and RCW 82.16.0496 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 since the credit became available on 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, subject to the maximum annual credit per ~~((vehicle class))~~ category 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))~~ fifty 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.

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

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

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

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

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

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

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

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

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

35 (ii) A quote or unexecuted copy of the purchase requisition or
36 order for the vehicle, infrastructure, infrastructure components,
37 infrastructure construction, or infrastructure installation;

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

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

3 (v) The anticipated delivery date of the vehicle, the anticipated
4 delivery date of the infrastructure or infrastructure components, the
5 anticipated construction completion date of the infrastructure, or
6 the anticipated installation completion date of the infrastructure;

7 (vi) The estimated annual fuel use of the vehicle in the
8 anticipated duties or the estimated annual fuel to be supplied by the
9 infrastructure;

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

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

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

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

18 (i) A copy of the order for the vehicle or infrastructure-related
19 item, including the total cost for the vehicle or infrastructure-
20 related item;

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

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

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

29 (c) Provide final documentation within ((fifteen)) thirty days of
30 receipt of the vehicle or infrastructure or infrastructure components
31 or of completion of construction or installation of the
32 infrastructure, including:

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

35 (ii) A copy of the factory build sheet or equivalent
36 documentation;

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

38 (iv) The incremental cost of the alternative fuel system for
39 vehicle credits;

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

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

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

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

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

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

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

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

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

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

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

39 (ii) Costs to modify a commercial vehicle, including sales of
40 tangible personal property incorporated into the vehicle and labor or

1 service expenses incurred in modifying the vehicle, to be principally
2 powered by a clean alternative fuel; or

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

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

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

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

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

24 (15) The department must conduct outreach to interested parties
25 to obtain input on how best to streamline the application process
26 required for the credit made available in this section and RCW
27 82.16.0496 to further adoption of alternative fuel technologies in
28 commercial vehicle fleets, and must incorporate the findings
29 resulting from this outreach effort into the rules and practices it
30 adopts to implement and administer this section and RCW 82.16.0496 to
31 the extent permitted under law.

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

34 (a) "Alternative fuel vehicle infrastructure" means structures,
35 machinery, and equipment necessary and integral to support a clean
36 alternative fuel vehicle.

37 (b) "Auto transportation company" means any corporation or person
38 owning, controlling, operating, or managing any motor propelled
39 vehicle, used in the business of transporting persons for
40 compensation over public highways within the state of Washington,

1 between fixed points or over a regular route. For the purposes of
2 this section, "auto transportation company" also includes the
3 following categories of providers irrespective of whether they
4 provide service between fixed points or over a regular route:
5 "Private, nonprofit transportation provider" as defined in RCW
6 81.66.010, "charter party carrier" as defined in RCW 81.70.020, and
7 paratransit service providers who primarily provide special needs
8 transportation to individuals with disabilities and the elderly.

9 ~~((b))~~ (c) "Clean alternative fuel" means electricity, dimethyl
10 ether, hydrogen, methane, natural gas, liquefied natural gas,
11 compressed natural gas, or propane.

12 ~~((e))~~ (d) "Commercial vehicle" means any commercial vehicle
13 that is purchased by a private business and that is used exclusively
14 in the provision of commercial services or the transportation of
15 commodities, merchandise, produce, refuse, freight, animals, or
16 passengers, and that is displaying a Washington state license plate.
17 All commercial vehicles that provide transportation to passengers
18 must be operated by an auto transportation company.

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

22 ~~((e))~~ (f) "Lease reduction factor" means the vehicle gross
23 capitalized cost less the residual value, divided by the gross
24 capitalized cost.

25 ~~((f))~~ (g) "Qualifying used commercial vehicle" means vehicles
26 that:

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

29 (ii) Are less than ten years past their original date of
30 manufacture;

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

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

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

39 ~~((16))~~ (17) Credits may be earned under this section from
40 January 1, 2016, ~~((through January 1, 2021))~~ until the maximum total

1 credit amount in subsection (1)(b) of this section is reached, except
2 for credits for leased vehicles, which may be earned from July 1,
3 2016, (~~(through January 1, 2021)~~) until the maximum total credit
4 amount in subsection (1)(b) of this section is reached.

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

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

8 NEW SECTION. Sec. 10. A new section is added to chapter 82.08
9 RCW to read as follows:

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

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

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

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

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

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

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

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

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

32 (ii) Based on the purchase date or the date the lease agreement
33 was signed of the vehicle if the vehicle is new at the time of the
34 purchase date or the date the lease agreement was signed:

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

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

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

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

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

21 (3)(a) The department of licensing must maintain and publish a
22 list of all vehicle models that meet the qualifying criteria in
23 subsection (1)(a)(i) or (ii) of this section and section 11(1)(a)(i)
24 or (ii) of this act until the expiration date of this section, and is
25 authorized to issue final rulings on vehicle model qualification for
26 these criteria. A seller is not responsible for repayment of the tax
27 exemption under this section and section 11 of this act for a vehicle
28 if the department of licensing's published list of qualifying vehicle
29 models on the purchase date or the date the lease agreement was
30 signed includes the vehicle model and the department of licensing
31 subsequently removes the vehicle model from the published list,
32 provided the vehicle meets the applicable qualifying criterion under
33 subsection (1)(a)(iii) of this section and section 11(1)(a)(iii) of
34 this act.

35 (b) The department of revenue retains responsibility for
36 determining whether a vehicle meets the applicable qualifying
37 criterion under subsection (1)(a)(iii) of this section and section
38 11(1)(a)(iii) of this act.

39 (4) On the last day of January, April, July, and October of each
40 year, the state treasurer, based upon information provided by the

1 department, must transfer from the electric vehicle account to the
2 general fund a sum equal to the dollar amount that would otherwise
3 have been deposited into the general fund during the prior calendar
4 quarter but for the exemption provided in this section. Information
5 provided by the department to the state treasurer must be based on
6 the best available data, except that the department may provide
7 estimates of taxes exempted under this section until such time as
8 retailers are able to report such exempted amounts on their tax
9 returns.

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

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

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

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

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

31 (d) "Qualification period start date" means the effective date of
32 this section.

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

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

38 (b) All leased vehicles that qualified for the exemption under
39 this section before the qualification period end date must continue
40 to receive the exemption as described under subsection (1)(b) of this

1 section on any lease payments due through the remainder of the lease
2 before the expiration date of this section.

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

4 NEW SECTION. **Sec. 11.** A new section is added to chapter 82.12
5 RCW to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (3) On the last day of January, April, July, and October of each
27 year, the state treasurer, based upon information provided by the
28 department, must transfer from the electric vehicle account to the
29 general fund a sum equal to the dollar amount that would otherwise
30 have been deposited into the general fund during the prior calendar
31 quarter but for the exemption provided in this section. Information
32 provided by the department to the state treasurer must be based on
33 the best available data.

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

37 (b) All leased vehicles that qualified for the exemption under
38 this section before the qualification period end date must continue
39 to receive the exemption as described under subsection (1) (b) of this

1 section on any lease payments due through the remainder of the lease
2 before the expiration date of this section.

3 (5) The definitions in section 10 of this act apply to this
4 section.

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

6 **Sec. 12.** RCW 82.08.816 and 2009 c 459 s 4 are each amended to
7 read as follows:

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

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

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

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

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

23 (e) The sale of zero emissions buses.

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

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

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

35 (b) "Battery exchange station" means a fully automated facility
36 that will enable an electric vehicle with a swappable battery to
37 enter a drive lane and exchange the depleted battery with a fully
38 charged battery through a fully automated process, which meets or

1 exceeds any standards, codes, and regulations set forth by chapter
2 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

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

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

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

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

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

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

25 **Sec. 13.** RCW 82.12.816 and 2009 c 459 s 5 are each amended to
26 read as follows:

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

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

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

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

39 (d) Zero emissions buses.

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

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

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

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

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

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

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

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

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

36 **Sec. 14.** RCW 82.16.0496 and 2017 c 116 s 2 are each amended to
37 read as follows:

38 (1)(a) (i) A person who is taxable under this chapter is allowed a
39 credit against the tax imposed in this chapter according to the gross

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

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

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

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

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

1 credit for a leased vehicle must be the lessee as identified in the
2 lease contract.

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

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

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

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

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

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

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

38 (7) To claim a credit under this section a person must
39 electronically file with the department all returns, forms, and any
40 other information required by the department, in an electronic format

1 as provided or approved by the department. No refunds may be granted
2 for credits under this section.

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

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

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

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

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

13 (iv) The incremental cost of the alternative fuel system for
14 vehicle credits;

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

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

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

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

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

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

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

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

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

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

1 (c) Provide final documentation within (~~fifteen~~) thirty days of
2 receipt of the vehicle or infrastructure or infrastructure components
3 or of completion of construction or installation of the
4 infrastructure, including:

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

7 (ii) A copy of the factory build sheet or equivalent
8 documentation;

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

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

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

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

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

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

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

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

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

1 (d) Within fifteen days of receipt of final documentation, review
2 the documentation and notify the person applying of the acceptance of
3 their final documentation.

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

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

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

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

16 (iii) Sales of alternative fuel vehicle infrastructure or
17 infrastructure components, or the cost of construction or
18 installation of alternative fuel vehicle infrastructure.

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

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

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

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

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

38 (16) Credits may be earned under this section from January 1,
39 2016, ~~((through January 1, 2021))~~ until the maximum total credit
40 amount in subsection (1)(b) of this section is reached, except for

1 credits for leased vehicles, which may be earned from July 1, 2016,
2 (~~through January 1, 2021~~) until the maximum total credit amount in
3 subsection (1)(b) of this section is reached.

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

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

7 **Sec. 15.** RCW 82.29A.125 and 2009 c 459 s 3 are each amended to
8 read as follows:

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

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

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

19 (b) "Battery exchange station" means a fully automated facility
20 that will enable an electric vehicle with a swappable battery to
21 enter a drive lane and exchange the depleted battery with a fully
22 charged battery through a fully automated process, which meets or
23 exceeds any standards, codes, and regulations set forth by chapter
24 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

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

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

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

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

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

7 **Sec. 16.** RCW 82.44.200 and 2015 3rd sp.s. c 44 s 404 are each
8 amended to read as follows:

9 The electric vehicle (~~(charging infrastructure)~~) account is
10 created in the transportation infrastructure account. Proceeds from
11 the principal and interest payments made on loans from the account
12 must be deposited into the account. Expenditures from the account may
13 be used only for the purposes specified in RCW 47.04.350 and sections
14 10 and 11 of this act. Moneys in the account may be spent only after
15 appropriation.

16 NEW SECTION. **Sec. 17.** A new section is added to chapter 47.04
17 RCW to read as follows:

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

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

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

1 (4) The department must include the following elements in its
2 proposal evaluation and scoring methodology: History of successful
3 management of equity focused clean alternative fuel vehicle projects;
4 substantial level of involvement from community-based, equity focused
5 organizations in the project; plan for long-term financial
6 sustainability of the work beyond the duration of the grant period;
7 matching resources leveraged for the project; and geographical
8 diversity of the projects selected.

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

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

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

28 NEW SECTION. **Sec. 18.** Subject to the availability of amounts
29 appropriated for this specific purpose, the department of commerce
30 must conduct a study to identify opportunities to reduce barriers to
31 battery and fuel cell electric vehicle adoption by lower income
32 residents of the state through the use of vehicle and infrastructure
33 financing assistance. The study must include an assessment of
34 opportunities to work with nonprofit lenders to facilitate vehicle
35 purchases through the use of loan-loss reserves and rate buy downs by
36 qualified borrowers purchasing battery and fuel cell electric
37 vehicles that are eligible for the tax exemptions under sections 10
38 and 11 of this act, and may address additional financing assistance
39 opportunities identified. The study must focus on potential borrowers

1 who are at or below eighty percent of the state median household
2 income. The study may also address any additional opportunities
3 identified to increase electric vehicle adoption by lower income
4 residents of the state.

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

9 NEW SECTION. **Sec. 19.** A new section is added to chapter 47.66
10 RCW to read as follows:

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

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

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

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

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

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

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

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

17 **Sec. 20.** RCW 43.84.092 and 2018 c 287 s 7, 2018 c 275 s 10, and
18 2018 c 203 s 14 are each reenacted and amended to read as follows:

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

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

38 (3) Except for the provisions of RCW 43.84.160, the treasury
39 income account may be utilized for the payment of purchased banking

1 services on behalf of treasury funds including, but not limited to,
2 depository, safekeeping, and disbursement functions for the state
3 treasury and affected state agencies. The treasury income account is
4 subject in all respects to chapter 43.88 RCW, but no appropriation is
5 required for payments to financial institutions. Payments shall occur
6 prior to distribution of earnings set forth in subsection (4) of this
7 section.

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

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

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

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

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

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

10 NEW SECTION. **Sec. 21.** This section is the tax preference
11 performance statement for the tax preferences contained in sections
12 22 and 23, chapter . . ., Laws of 2019 (sections 22 and 23 of this
13 act). The performance statement is only intended to be used for
14 subsequent evaluation of the tax preference. It is not intended to
15 create a private right of action by any party or be used to determine
16 eligibility for preferential tax treatment.

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

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

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

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

37 NEW SECTION. **Sec. 22.** A new section is added to chapter 82.08
38 RCW to read as follows:

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

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

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

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

10 (3) For the purposes of this section:

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

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

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

20 NEW SECTION. **Sec. 23.** A new section is added to chapter 82.12
21 RCW to read as follows:

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

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

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

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

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

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

36 NEW SECTION. **Sec. 24.** Sections 1 through 8, 10 through 13, and
37 15 through 23 of this act take effect August 1, 2019.

1 NEW SECTION. **Sec. 25.** Sections 9 and 14 of this act take effect
2 January 1, 2020.

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