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HOUSE BILL 2340

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State of Washington

65th Legislature

2018 Regular Session

By Representative Condotta

Prefiled 12/28/17.

1 AN ACT Relating to extending the sales and use tax exemption for  
2 certain alternative fuel vehicles; and amending RCW 82.08.809.

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

4 **Sec. 1.** RCW 82.08.809 and 2016 sp.s. c 32 s 2 are each amended  
5 to read as follows:

6 (1)(a) Except as provided in subsection (4) of this section, the  
7 tax levied by RCW 82.08.020 does not apply to sales of new passenger  
8 cars, light duty trucks, and medium duty passenger vehicles, which  
9 (i) are exclusively powered by a clean alternative fuel or (ii) use  
10 at least one method of propulsion that is capable of being  
11 reenergized by an external source of electricity and are capable of  
12 traveling at least thirty miles using only battery power.

13 (b) Beginning with sales made or lease agreements signed on or  
14 after July 1, 2016, the exemption in this section is only applicable  
15 for up to thirty-two thousand dollars of a vehicle's selling price or  
16 the total lease payments made plus the selling price of the leased  
17 vehicle if the original lessee purchases the leased vehicle before  
18 the expiration of the exemption as described in subsection (6) of  
19 this section.

20 (2) The seller must keep records necessary for the department to  
21 verify eligibility under this section.

1 (3) As used in this section, "clean alternative fuel" means  
2 natural gas, propane, hydrogen, or electricity, when used as a fuel  
3 in a motor vehicle that meets the California motor vehicle emission  
4 standards in Title 13 of the California code of regulations,  
5 effective January 1, 2005, and the rules of the Washington state  
6 department of ecology.

7 (4)(a) A sale, other than a lease, of a vehicle identified in  
8 subsection (1)(a) of this section made on or after July 15, 2015, and  
9 before July 1, 2016, is not exempt from sales tax as described under  
10 subsection (1) of this section if the selling price of the vehicle  
11 plus trade-in property of like kind exceeds thirty-five thousand  
12 dollars.

13 (b) A sale, other than a lease, of a vehicle identified in  
14 subsection (1)(a) of this section made on or after July 1, 2016, and  
15 before the expiration of the exemption as described in subsection (6)  
16 of this section, is not exempt from sales tax as described under  
17 subsection (1)(b) of this section if, at the time of sale, the lowest  
18 manufacturer's suggested retail price, as determined in rule by the  
19 department of licensing pursuant to chapter 34.05 RCW, for the base  
20 model is more than forty-two thousand five hundred dollars.

21 (c) For leased vehicles for which the lease agreement was signed  
22 before July 1, 2015, lease payments are exempt from sales tax as  
23 described under subsection (1)(a) of this section regardless of the  
24 vehicle's fair market value at the inception of the lease.

25 (d) For leased vehicles identified in subsection (1)(a) of this  
26 section for which the lease agreement is signed on or after July 15,  
27 2015, and before July 1, 2016, lease payments are not exempt from  
28 sales tax if the fair market value of the vehicle being leased  
29 exceeds thirty-five thousand dollars at the inception of the lease.  
30 For the purposes of this subsection (4), "fair market value" has the  
31 same meaning as "value of the article used" in RCW 82.12.010.

32 (e) For leased vehicles identified in subsection (1)(a) of this  
33 section for which the lease agreement is signed on or after July 1,  
34 2016, and before the expiration of the exemption as described in  
35 subsection (6) of this section, lease payments are not exempt from  
36 sales tax as described under subsection (1)(b) of this section if, at  
37 the inception of the lease, the lowest manufacturer's suggested  
38 retail price, as determined in rule by the department of licensing  
39 pursuant to chapter 34.05 RCW, for the base model is more than forty-  
40 two thousand five hundred dollars.

1 (f) The department of licensing must maintain and publish a list  
2 of all vehicle models qualifying for the sales tax exemption under  
3 this section until the expiration of the exemption as described in  
4 subsection (6) of this section.

5 (5) On the last day of January, April, July, and October of each  
6 year, the state treasurer, based upon information provided by the  
7 department, must transfer from the multimodal transportation account  
8 to the general fund a sum equal to the dollar amount that would  
9 otherwise have been deposited into the general fund during the prior  
10 calendar quarter but for the exemption provided in this section.  
11 Information provided by the department to the state treasurer must be  
12 based on the best available data, except that the department may  
13 provide estimates of taxes exempted under this section until such  
14 time as retailers are able to report such exempted amounts on their  
15 tax returns. For purposes of this section, the first transfer for the  
16 calendar quarter after July 15, 2015, must be calculated assuming  
17 only those revenues that should have been deposited into the general  
18 fund beginning July 1, 2015.

19 (6)(a) The exemption under this section expires, effective with  
20 sales of vehicles delivered to the buyer or leased vehicles for which  
21 the lease agreement was signed, after the last day of the calendar  
22 month immediately following the month the department receives notice  
23 from the department of licensing under subsection (7)(b) of this  
24 section. All leased vehicles that qualified for the exemption before  
25 the expiration of the exemption must continue to receive the  
26 exemption as described under subsection (1)(b) of this section on  
27 lease payments due through the remainder of the lease.

28 (b) Upon receiving notice from the department of licensing under  
29 subsection (7)(b) of this section, the department must provide notice  
30 as soon as is practicable on its web site of the expiration date of  
31 the exemption under this section.

32 (c) For purposes of this subsection, even if the department of  
33 licensing provides the department with notice under subsection (7)(b)  
34 of this section before the end of the fifth working day of the month  
35 notice is required, the notice is deemed to have been received by the  
36 department at the end of the fifth working day of the month notice is  
37 required.

38 (d) If, by the end of the fifth working day of May 2019, the  
39 department has not received notice from the department of licensing  
40 under subsection (7)(b) of this section, the exemption under this

1 section expires effective with sales of vehicles delivered to the  
2 buyer or leased vehicles for which the lease agreement was signed  
3 after June 30, 2019.

4 (e) Nothing in this subsection (6) may be construed to affect the  
5 validity of any exemption properly allowed by a seller under this  
6 section before the expiration of the exemption as described in (a) of  
7 this subsection and reported to the department on returns filed after  
8 the expiration of the exemption.

9 (f) Nothing in this subsection (6) may be construed to allow an  
10 exemption under this section for the purchase of a qualifying vehicle  
11 by the original lessee of the vehicle after the expiration of the  
12 exemption as provided in (a) of this subsection.

13 (7)(a) By the end of the fifth working day of each month, until  
14 the expiration of the exemption as described in subsection (6) of  
15 this section, the department of licensing must determine the  
16 cumulative number of qualifying vehicles titled on or after July 15,  
17 2015, and provide notice of the cumulative number of these vehicles  
18 to the department.

19 (b) The department of licensing must notify the department once  
20 the cumulative number of qualifying vehicles titled in the state on  
21 or after July 15, 2015, equals or exceeds (~~seven thousand five~~  
22 ~~hundred~~) ten thousand.

23 (8) By the last day of July 2016, and every six months thereafter  
24 until the expiration of the exemption as described in subsection (6)  
25 of this section, based on the best available data, the department  
26 must report the following information to the transportation  
27 committees of the legislature: The cumulative number of qualifying  
28 vehicles titled in the state on or after July 15, 2015, as reported  
29 to it by the department of licensing; and the dollar amount of all  
30 state retail sales and use taxes exempted on or after July 15, 2015,  
31 under this section and RCW 82.12.809.

32 (9) For purposes of this section, "qualifying vehicle" means a  
33 vehicle qualifying for the exemption under this section or RCW  
34 82.12.809 in which the sale was made or the lease agreement was  
35 signed on or after July 15, 2015.

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