
HOUSE BILL 2549

State of Washington

65th Legislature

2018 Regular Session

By Representative Muri

1 AN ACT Relating to expanding the alternative fuel vehicle sales
2 and use tax exemption; amending RCW 82.08.809 and 82.12.809; creating
3 a new section; providing an effective date; and declaring an
4 emergency.

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

6 NEW SECTION. **Sec. 1.** This section is the tax preference
7 performance statement for the tax preferences contained in sections 2
8 and 3, chapter . . ., Laws of 2018 (sections 2 and 3 of this act).
9 The performance statement is only intended to be used for subsequent
10 evaluation of the tax preference. It is not intended to create a
11 private right of action by any party or be used to determine
12 eligibility for preferential tax treatment.

13 (1) The legislature categorizes the tax preference as one
14 intended to induce certain designated behavior by taxpayers, as
15 indicated in RCW 82.32.808(2)(a).

16 (2) It is the legislature's specific public policy objective to
17 increase the use of clean alternative fuel vehicles in Washington. It
18 is the legislature's intent to extend the existing sales and use tax
19 exemption on certain clean alternative fuel vehicles in order to
20 reduce the price charged to customers for clean alternative fuel
21 vehicles.

1 (3) To measure the effectiveness of the tax preferences in
2 sections 2 and 3, chapter . . ., Laws of 2018 (sections 2 and 3 of
3 this act) in achieving the public policy objectives described in
4 subsection (2) of this section, the joint legislative audit and
5 review committee must evaluate the number of clean alternative fuel
6 vehicles titled in the state.

7 (4) In order to obtain the data necessary to perform the review
8 in subsection (3) of this section, the department of licensing must
9 provide data needed for the joint legislative audit and review
10 committee analysis. In addition to the data source described under
11 this subsection, the joint legislative audit and review committee may
12 use any other data it deems necessary.

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

15 (1)(a) Except as provided in subsection (4) of this section, the
16 tax levied by RCW 82.08.020 does not apply to sales of new passenger
17 cars, light duty trucks, and medium duty passenger vehicles, which:

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

19 (ii) Use at least one method of propulsion that is capable of
20 being reenergized by an external source of electricity and;

21 (A) If the sale was made or the lease agreement was signed on or
22 after the effective date of this section, are capable of traveling at
23 least (~~thirty~~) twenty miles using only battery power; or

24 (B) If the sale was made or the lease agreement was signed prior
25 to the effective date of this section, are capable of traveling at
26 least thirty miles using only battery power.

27 (b) Beginning with sales made or lease agreements signed on or
28 after July 1, 2016, the exemption in this section is only applicable
29 for up to thirty-two thousand dollars of a vehicle's selling price or
30 the total lease payments made plus the selling price of the leased
31 vehicle if the original lessee purchases the leased vehicle before
32 the expiration of the exemption as described in subsection (6) of
33 this section.

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

36 (3) As used in this section, "clean alternative fuel" means
37 natural gas, propane, hydrogen, or electricity, when used as a fuel
38 in a motor vehicle that meets the California motor vehicle emission
39 standards in Title 13 of the California code of regulations,

1 effective January 1, 2005, and the rules of the Washington state
2 department of ecology.

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

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

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

21 (d) For leased vehicles identified in subsection (1)(a) of this
22 section for which the lease agreement is signed on or after July 15,
23 2015, and before July 1, 2016, lease payments are not exempt from
24 sales tax if the fair market value of the vehicle being leased
25 exceeds thirty-five thousand dollars at the inception of the lease.
26 For the purposes of this subsection (4), "fair market value" has the
27 same meaning as "value of the article used" in RCW 82.12.010.

28 (e) For leased vehicles identified in subsection (1)(a) of this
29 section for which the lease agreement is signed on or after July 1,
30 2016, and before the expiration of the exemption as described in
31 subsection (6) of this section, lease payments are not exempt from
32 sales tax as described under subsection (1)(b) of this section if, at
33 the inception of the lease, the lowest manufacturer's suggested
34 retail price, as determined in rule by the department of licensing
35 pursuant to chapter 34.05 RCW, for the base model is more than forty-
36 two thousand five hundred dollars.

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

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

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

24 (b) Upon receiving notice from the department of licensing under
25 subsection (7)(b) of this section, the department must provide notice
26 as soon as is practicable on its web site of the expiration date of
27 the exemption under this section.

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

34 (d) If, by the end of the fifth working day of May 2019, the
35 department has not received notice from the department of licensing
36 under subsection (7)(b) of this section, the exemption under this
37 section expires effective with sales of vehicles delivered to the
38 buyer or leased vehicles for which the lease agreement was signed
39 after June 30, 2019.

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

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

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

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

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

29 (9) For purposes of this section, "qualifying vehicle" means a
30 vehicle qualifying for the exemption under this section or RCW
31 82.12.809 in which the sale was made or the lease agreement was
32 signed on or after July 15, 2015.

33 **Sec. 3.** RCW 82.12.809 and 2016 sp.s. c 32 s 3 are each amended
34 to read as follows:

35 (1)(a) Except as provided in subsection (4) of this section, the
36 provisions of this chapter do not apply in respect to the use of new
37 passenger cars, light duty trucks, and medium duty passenger
38 vehicles, which:

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

1 (ii) Use at least one method of propulsion that is capable of
2 being reenergized by an external source of electricity and:

3 (A) If the sale was made or the lease agreement was signed on or
4 after the effective date of this section, are capable of traveling at
5 least ~~((thirty))~~ twenty miles using only battery power; or

6 (B) If the sale was made or the lease agreement was signed prior
7 to the effective date of this section, are capable of traveling at
8 least thirty miles using only battery power.

9 (b) Beginning with purchases made or lease agreements signed on
10 or after July 1, 2016, the exemption in this section is only
11 applicable for up to thirty-two thousand dollars of a vehicle's
12 purchase price or the total lease payments made plus the purchase
13 price of the leased vehicle if the original lessee purchases the
14 leased vehicle before the expiration of the exemption as described in
15 RCW 82.08.809(6).

16 (2) The definitions in RCW 82.08.809 apply to this section.

17 (3) A taxpayer is not liable for the tax imposed in RCW 82.12.020
18 on the use, on or after the expiration of the exemption as described
19 in RCW 82.08.809(6), of a passenger car, light duty truck, or medium
20 duty passenger vehicle ~~((that))~~ if the taxpayer used such vehicle in
21 this state before the expiration of the exemption as described in RCW
22 82.08.809(6), the use was exempt under this section from the tax
23 imposed in RCW 82.12.020, and the vehicle:

24 (a) Is exclusively powered by a clean alternative fuel; or

25 (b) Uses at least one method of propulsion that is capable of
26 being reenergized by an external source of electricity and:

27 (i) Is capable of traveling at least ~~((thirty miles using only~~
28 battery power, if the taxpayer used such vehicle in this state before
29 the expiration of the exemption as described in RCW 82.08.809(6), and
30 the use was exempt under this section from the tax imposed in RCW
31 82.12.020)) twenty miles using only battery power if the sale was
32 made or the lease agreement was signed on or after the effective date
33 of this section; or

34 (ii) Is capable of traveling at least thirty miles using only
35 battery power if the sale was made or the lease agreement was signed
36 prior to the effective date of this section.

37 (4)(a) For vehicles identified in subsection (1)(a) of this
38 section purchased on or after July 1, 2016, and before the expiration
39 of the exemption as described in RCW 82.08.809(6), or for leased
40 vehicles identified in subsection (1)(a) of this section for which

1 the lease agreement was signed on or after July 1, 2016, and before
2 the expiration of the exemption as described in RCW 82.08.809(6), a
3 vehicle is not exempt from use tax as described under subsection
4 (1)(b) of this section if, at the time the tax is imposed for
5 purchased vehicles or at the inception of the lease for leased
6 vehicles, the lowest manufacturer's suggested retail price, as
7 determined in rule by the department of licensing pursuant to chapter
8 34.05 RCW, for the base model is more than forty-two thousand five
9 hundred dollars.

10 (b) For vehicles identified in subsection (1)(a) of this section
11 purchased on or after July 15, 2015, and before July 1, 2016, or for
12 leased vehicles identified in subsection (1)(a) of this section for
13 which the lease agreement was signed on or after July 15, 2015, and
14 before July 1, 2016, a vehicle is not exempt from use tax if the fair
15 market value of the vehicle exceeds thirty-five thousand dollars at
16 the time the tax is imposed for purchased vehicles, or at the
17 inception of the lease for leased vehicles.

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

22 (5) On the last day of January, April, July, and October of each
23 year, the state treasurer, based upon information provided by the
24 department, must transfer from the multimodal transportation account
25 to the general fund a sum equal to the dollar amount that would
26 otherwise have been deposited into the general fund during the prior
27 calendar quarter but for the exemption provided in this section.
28 Information provided by the department to the state treasurer must be
29 based on the best available data. For purposes of this section, the
30 first transfer for the calendar quarter after July 15, 2015, must be
31 calculated assuming only those revenues that should have been
32 deposited into the general fund beginning July 1, 2015.

33 (6)(a) The exemption provided under this section does not apply
34 to the use of new passenger cars, light duty trucks, and medium duty
35 passenger vehicles, or lease payments due on such vehicles, if the
36 date of sale of the vehicle from the seller to the buyer occurred or
37 the lease agreement was signed after the expiration of the exemption
38 as provided in RCW 82.08.809(6).

39 (b) All leased vehicles that qualified for the exemption before
40 the expiration of the exemption must continue to receive the

1 exemption as described under subsection (1)(b) of this section on
2 lease payments due through the remainder of the lease.

3 (c) Nothing in this subsection (6) may be construed to allow an
4 exemption under this section for the purchase of a qualifying vehicle
5 by the original lessee of the vehicle after the expiration of the
6 exemption.

7 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
8 preservation of the public peace, health, or safety, or support of
9 the state government and its existing public institutions, and takes
10 effect May 1, 2018.

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