
BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: S-6135.1/18

ATTY/TYPIST: JA:lel

BRIEF DESCRIPTION: Extending the sales and use tax exemption for certain alternative fuel vehicles.

1 AN ACT Relating to extending the sales and use tax exemption for
2 certain alternative fuel vehicles; and amending RCW 82.08.809 and
3 82.12.809.

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

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

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

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

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

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

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

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

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

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

34 (e) For leased vehicles identified in subsection (1)(a) of this
35 section for which the lease agreement is signed on or after July 1,
36 2016, and before the expiration of the exemption as described in
37 subsection (6) of this section, lease payments are not exempt from
38 sales tax as described under subsection (1)(b) of this section if, at
39 the inception of the lease, the lowest manufacturer's suggested
40 retail price, as determined in rule by the department of licensing

1 pursuant to chapter 34.05 RCW, for the base model is more than forty-
2 two thousand five hundred dollars.

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

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

24 (b) Once the cumulative number of seven thousand five hundred
25 qualifying vehicles under subsection (7)(b) of this section has been
26 reached, the state treasurer shall no longer make any transfers from
27 the multimodal transportation account to the general fund for the
28 exemption provided in this section.

29 (6)(a) The exemption under this section expires, effective with
30 sales of vehicles delivered to the buyer or leased vehicles for which
31 the lease agreement was signed, after the last day of the calendar
32 month immediately following the month the department receives notice
33 from the department of licensing under subsection (7)(b) of this
34 section that the cumulative number of ten thousand qualifying
35 vehicles has been reached. All leased vehicles that qualified for the
36 exemption before the expiration of the exemption must continue to
37 receive the exemption as described under subsection (1)(b) of this
38 section on lease payments due through the remainder of the lease.

39 (b) Upon receiving notice from the department of licensing under
40 subsection (7)(b) of this section, the department must provide notice

1 as soon as is practicable on its web site of the expiration date of
2 the exemption under this section.

3 (c) For purposes of this subsection, even if the department of
4 licensing provides the department with notice under subsection (7)(b)
5 of this section before the end of the fifth working day of the month
6 notice is required, the notice is deemed to have been received by the
7 department at the end of the fifth working day of the month notice is
8 required.

9 ~~((If, by the end of the fifth working day of May 2019, the
10 department has not received notice from the department of licensing
11 under subsection (7)(b) of this section, the exemption under this
12 section expires effective with sales of vehicles delivered to the
13 buyer or leased vehicles for which the lease agreement was signed
14 after June 30, 2019.~~

15 ~~(e))~~ Nothing in this subsection (6) may be construed to affect
16 the validity of any exemption properly allowed by a seller under this
17 section before the expiration of the exemption as described in (a) of
18 this subsection and reported to the department on returns filed after
19 the expiration of the exemption.

20 ~~((f))~~ (e) Nothing in this subsection (6) may be construed to
21 allow an exemption under this section for the purchase of a
22 qualifying vehicle by the original lessee of the vehicle after the
23 expiration of the exemption as provided in (a) of this subsection.

24 (7)(a) By the end of the fifth working day of each month, until
25 the expiration of the exemption as described in subsection (6) of
26 this section, the department of licensing must determine the
27 cumulative number of qualifying vehicles titled on or after July 15,
28 2015, and provide notice of the cumulative number of these vehicles
29 to the department.

30 (b) The department of licensing must notify the department once
31 the cumulative number of qualifying vehicles titled in the state on
32 or after July 15, 2015, equals or exceeds seven thousand five
33 hundred, and again once the cumulative number of qualifying vehicles
34 titled in the state on or after July 15, 2015, equals or exceeds ten
35 thousand.

36 (8) By the last day of July 2016, and every six months thereafter
37 until the expiration of the exemption as described in subsection (6)
38 of this section, based on the best available data, the department
39 must report the following information to the transportation
40 committees of the legislature: The cumulative number of qualifying

1 vehicles titled in the state on or after July 15, 2015, as reported
2 to it by the department of licensing; and the dollar amount of all
3 state retail sales and use taxes exempted on or after July 15, 2015,
4 under this section and RCW 82.12.809.

5 (9) For purposes of this section, "qualifying vehicle" means a
6 vehicle qualifying for the exemption under this section or RCW
7 82.12.809 in which the sale was made or the lease agreement was
8 signed on or after July 15, 2015.

9 **Sec. 2.** RCW 82.12.809 and 2016 sp.s. c 32 s 3 are each amended
10 to read as follows:

11 (1)(a) Except as provided in subsection (4) of this section, the
12 provisions of this chapter do not apply in respect to the use of new
13 passenger cars, light duty trucks, and medium duty passenger
14 vehicles, which (i) are exclusively powered by a clean alternative
15 fuel or (ii) use at least one method of propulsion that is capable of
16 being reenergized by an external source of electricity and are
17 capable of traveling at least thirty miles using only battery power.

18 (b) Beginning with purchases made or lease agreements signed on
19 or after July 1, 2016, the exemption in this section is only
20 applicable for up to thirty-two thousand dollars of a vehicle's
21 purchase price or the total lease payments made plus the purchase
22 price of the leased vehicle if the original lessee purchases the
23 leased vehicle before the expiration of the exemption as described in
24 RCW 82.08.809(6).

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

26 (3) A taxpayer is not liable for the tax imposed in RCW 82.12.020
27 on the use, on or after the expiration of the exemption as described
28 in RCW 82.08.809(6), of a passenger car, light duty truck, or medium
29 duty passenger vehicle that is exclusively powered by a clean
30 alternative fuel or uses at least one method of propulsion that is
31 capable of being reenergized by an external source of electricity and
32 is capable of traveling at least thirty miles using only battery
33 power, if the taxpayer used such vehicle in this state before the
34 expiration of the exemption as described in RCW 82.08.809(6), and the
35 use was exempt under this section from the tax imposed in RCW
36 82.12.020.

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

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

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

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

23 (5)(a) On the last day of January, April, July, and October of
24 each year until the department receives notice from the department of
25 licensing under RCW 82.08.809(7)(b) that the cumulative number of
26 seven thousand five hundred qualifying vehicles has been reached, the
27 state treasurer, based upon information provided by the department,
28 must transfer from the multimodal transportation 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. For purposes of this section, the first
34 transfer for the calendar quarter after July 15, 2015, must be
35 calculated assuming only those revenues that should have been
36 deposited into the general fund beginning July 1, 2015.

37 (b) Once the cumulative number of seven thousand five hundred
38 qualifying vehicles under RCW 82.08.809(7)(b) has been reached, the
39 state treasurer may no longer make any transfers from the multimodal

1 transportation account to the general fund for the exemption provided
2 in this section.

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

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

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

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