

Alternative Fuel Vehicles

JLARC Staff 2017 Tax Preference Performance Evaluation

Sales and Use Tax Preference

Objectives (stated)	Results
Increase use of clean alternative fuel vehicles by reducing the price.	Mixed. Preference has reduced price but the extent that it is impacting sales is unknown.
End preference by July 2019 or when 7,500 qualifying alternative fuel vehicles are titled, whichever is first.	On pace. At current trend, target will be met before July 2019 expiration date.

Buyers do not pay sales/use tax on the first \$32,000 of the sale or lease for qualifying vehicles

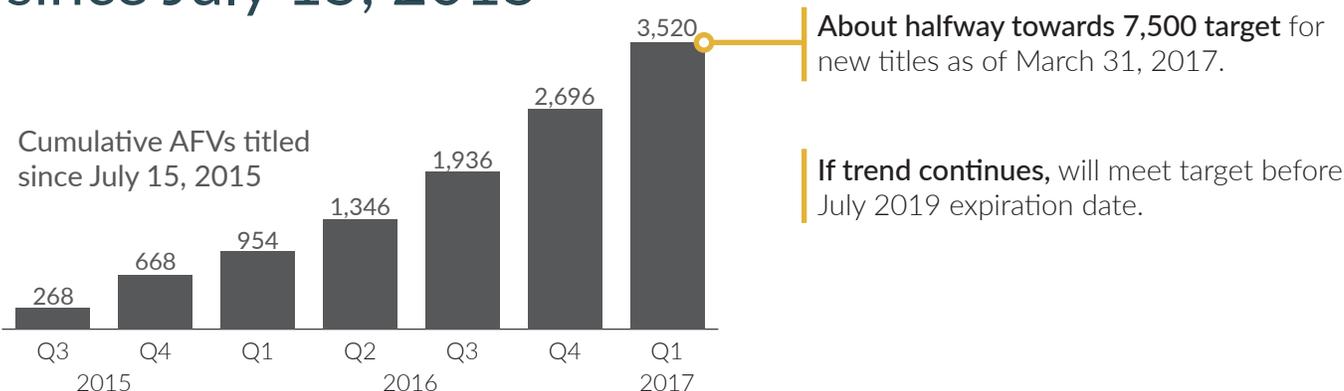
Qualifying vehicles' base model must cost \$42,500 or less **and be either:**

Powered by natural gas, propane, hydrogen, or electricity.

or

Plug-in hybrid that can travel at least 30 miles on only battery power.

3,520 qualifying vehicles titled in Washington since July 15, 2015



Preference one of many factors that may influence vehicle purchasing decisions

- Purchase prices** for electric vehicles **tend to be higher** than for conventional fuel vehicles.
- Consumer concerns about the **cost and range of EV batteries**.
- Overall **driving costs lower for electric** than conventional vehicles.
- Access** to charging stations.

Legislative Auditor recommendation: Review

Legislature should review the preference in the 2019 legislative session if the target for vehicle titles is not met.

The complete report is on the JLARC web site.

For more information, contact: Keenan Konopaski, Washington State Legislative Auditor
(360) 786-5187 • keenan.konopaski@leg.wa.gov

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