

EV Agenda Tracking Sheet

week ending Jan 23, 2015

More EV-related bills dropped this week, both Governor-request legislation and alternatives devised by the newly formed EV caucus. Preliminary intel suggests all these bills will have tough going in the Transportation and Finance committees in both chambers. SEVA and its partners will be asking constituents to contact their legislators in support of the following EV priority bills:

1) Extend the Clean Fuel Vehicle sales tax exemption past its current law July 1, 2015 expiration date.

- [SB 5445](#) / **No House companion yet** ~ Governor-request legislation exempts the first \$60,000 of purchase price on a clean alternative fuel vehicle from state and local sales and use tax for another 10 years (July 1, 2025). Taxable amounts above that threshold would remain general purpose revenue. Current law defines clean alternative fuel vehicles as being *exclusively* powered by natural gas, propane, hydrogen, or electricity. Consequently, sales of plug-in hybrids, like the Chevy Volt, remain taxable.
 - [HB 1300](#) / [SB 5358](#) ~ Exemption language from above also appears in the Governor's proposed Transportation Revenue Bill, Sections 401-404.
- [SB 5333](#) / **No House companion yet** ~ Lead by Sen. Mullet, this EV caucus bill is a variation on the Governor's approach. It exempts the first \$45,000 of purchase price from state and local sales and use tax for another 7 years (July 1, 2021) and earmarks any taxes on amounts above that price to the new EV Infrastructure Bank. (For additional Infrastructure Bank provisions, see below.)

2) Fund more public charging infrastructure, including highway fast charging.

- **WSDOT Budget** ~ [HB 1299](#) / [SB 5360](#) ~ Proposed Transportation Budget (Section 215) features an additional \$1.5 million to WSDOT's Public Private Partnerships group for more highway fast charging (Level 3) stations. Administration proposal is to fill in two key gaps on I-5 north and south of Seattle and electrify I-90 to Spokane. Should fund about 9 new stations.
- **EV Infrastructure Bank** ~ Proposals to earmark one or more EV-related revenue streams to a new Infrastructure Bank to support public charging infrastructure. Program to be run by WSDOT.
 - [HB 1572](#) / [SB 5444](#) ~ Governor-request legislation to create an EV Infrastructure Bank to build public charging stations. The bill copies language previously passed the house in 2013 (HB 1954, Section 601). Bank to exist through July 1, 2025. **CONCERN:** The bill requires projects funded by the bank to include Level 3 charging *and* either Level 1 or Level 2, which may preclude some good Level 2-only projects. **SEVA would recommend striking this language and allowing WSDOT more flexibility to develop projects.**
 - [HB 1300](#) / [SB 5358](#) ~ Transportation Revenue bill does several things:
 - **Section 113** expands the \$100 EV fee to *all* plug-in electric vehicles (including plug-in hybrids) starting July 1, 2016 and earmarks this revenue to the Infrastructure Bank account until PEVs reach 0.5% of all vehicles registered in Washington. After this, the revenue goes back to general transportation purposes.

- *Section 601* establishes the infrastructure bank using the same language as the stand-alone bills 1572/5444. Subject to same **CONCERN**.
- **Local Green Initiatives** ~ \$3.75 million for local government grants to support EV fleet deployment and/or charging infrastructure (among other topics like LED lights and energy efficiency). HB 1300 / SB 5358, Section 304 creates the Local Green Initiatives Account, and Section 201 transfers up to \$3.75 million in 2015-2017. HB 1299 / SB 5360, Section 213 (WSDOT Budget) appropriates the \$3.75 million.

3) Incentives / building code changes to support residential and commercial EV charging installation.

SB 5446 / No House companion yet ~ Governor-request legislation requires certain large cities and counties along I-5 (Pierce, King and Snohomish) + Olympia to adopt incentives for building owners to install "rapid" charging in new and existing structures. Builds on existing law which says those jurisdictions "may" adopt such incentives. **CONCERN:** Current law is problematic in that it does not specify the meaning of "rapid" charging (Level 2?, Level 3?). This bill is problematic in that it does not require a minimum level of incentive. Presumably, \$1 of incentive would satisfy the law as drafted. There are also no consequences if jurisdictions do not comply. **SEVA would recommend additional policy development to define terms and require a minimum level of effort and consequences for non-compliance.** **2nd CONCERN:** The bill also does not address the topic of amending building and/or electrical codes to require that new buildings be "EV ready" with conduit installed and appropriately sized electrical connections to support later installation of charging stations. **SEVA would recommend adding a statewide "EV ready" requirement along the lines of building codes adopted in Palo Alto, California.**

4) Bring the Zero Emission Vehicle (ZEV) mandate to Washington.

HB 1487 / SB 5423 ~ Ecology-request legislation to adopt California's ZEV mandate in Washington's Clean Air rules. California and several other states require that car makers deliver for sale a certain, rising percentage of ZEVs there in order to sell their other gas-burning cars in the state. As a result, California has a much wider variety of EV models available than Washington.

Other bills of note:

- **Electric motorcycle tax exemption and lower annual EV fee** ~ **SB 5357 / No House companion yet** ~ This bill creates a new state and local sales and use tax exemption for the first \$45,000 sales price of motorcycles exclusively powered by a clean alternative fuel, which includes natural gas, propane, hydrogen, or electricity. It also lowers the current \$100 annual EV registration fee to \$25 for motorcycles in response to complaints that electric motorcycles are currently being overcharged, since their conventional gas counterparts would be unlikely to generate \$100 of gas tax revenue. (For example, at 60-70 mpg, even if a conventional motorcycle were driven 10,000 miles in a year, it would only generate \$54-\$63 in gas tax at current \$0.37 / gallon tax rates. Most motorcycles are driven far less.) **PUBLIC HEARING SCHEDULED Senate Transportation Committee, 1/26/2015, 3:30 PM, Cherberg Rm 1.**
- **Commercial alternative fuel vehicle sales tax exemption, B&O tax credit, and utility tax credit** ~ **HB 1396 / SB 5325** ~ This bill, with bipartisan sponsorship in both House and Senate, would exempt private businesses from three taxes on the purchase or conversion of commercial vehicles



that run "principally" on a clean alternative fuel. The exemption would last 10 years (Jan 1, 2016 to 2026). Eligible fuel types include electricity, gasohol, hydrogen, hythane (a trademarked natural gas / hydrogen blend), methane, methanol, natural gas (including liquefied (LNG) or compressed (CNG)), or propane. "Commercial vehicle" is defined as any vehicle purchased by a private business that is used exclusively to transport various commodities and products (not passengers). Tax breaks include the following:

- All state and local sales and use tax (no price cap specified).
- Lesser of 15% purchase price or \$25,000 per vehicle credit on B&O tax, up to \$250,000 maximum per business per year and capped at \$6 million statewide per year.
- Lesser of 15% purchase price or \$25,000 per vehicle credit on public utility tax, up to \$250,000 maximum per business per year and capped at \$6 million statewide per year.

The Multimodal Transportation Account backfills the General Fund for all revenue losses associated with the three tax breaks above via an annual transfer into the General Fund.

Analysis & Commentary ~

- The primary beneficiaries of this legislation would appear to be CNG/LNG applications for commercial vehicles, but electric/hybrid delivery van applications may also be a promising outcome here.
 - It's unclear whether all of the fuel applications eligible under this bill will have carbon or air quality benefits over gasoline. The carbon pollution benefits of CNG/LNG technologies may vary widely depending on the source of the natural gas and fugitive methane emissions in the extraction process.
 - At \$12m per year + an unknown amount of sales & use tax revenue, this is a much larger exemption than what has been proposed for light-duty passenger vehicles, and it exclusively benefits business.
 - The bill excludes public transit agencies (e.g electric buses) from the sales and use tax exemption, which may be desired.
 - It's also unclear whether the statewide budget cap on the tax credits and "first-in-time" basis for their availability violates WA constitutional requirement for uniform taxation in Article VII, Section 1.
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- **EV Credits on Bridge/HOT Lane/Ferry Tolls ~ [HB 1300](#) / [SB 5358](#)** ~ Governor's Transportation Revenue bill (Section 201) allows up to \$4.166 million over the biennium to support credits for EV drivers, allowing them to save on bridge tolls, HOT lane tolls, and ferry rides. No specification on how much credit per EV will be given, but administration sources say it would total something like \$100 / EV / year. \$2.083 million (2015-2017) from the sustainability account to various bridge and toll accounts for cost of Good to Go EV credits. \$2.083 million (2015-2017) from the sustainability account to Puget Sound Ferries for cost of Wave 2 Go EV credits.

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