

RCW 82.08.994 Exemptions—Zero emission buses.

*** CHANGE IN 2026 *** (SEE 2251-S2.SL) ***

(1) The tax levied by RCW 82.08.020 does not apply to sales of zero emission buses purchased by:

(a) A transit agency; or

(b) A federally recognized Indian tribe to provide public transportation services.

(2) Sellers may make tax exempt sales under this section only if the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files.

(3) For the purposes of this section:

(a) "Transit agency" means a city-owned transit system, county transportation authority, metropolitan municipal corporation, public transportation benefit area, unincorporated transportation benefit area, or regional transit authority.

(b) "Zero emission bus" means a bus that emits no exhaust gas from the onboard source of power, other than water vapor.

(4) On the last day of February, May, August, and November of each year, the state treasurer, based upon information provided by the department, must transfer from the carbon emissions reduction account to the general fund a sum equal to the dollar amount that would otherwise have been deposited into the general fund during the prior calendar quarter but for the exemption provided in this section and RCW 82.12.994. Information provided by the department to the state treasurer must be based on the best available data, except that the department may provide estimates of taxes exempted under this section until such time as retailers are able to report such exempted amounts on their tax returns.

(5) (a) The department must provide notification on its website monthly of the amount in exemptions issued and the amount remaining under this section and RCW 82.12.994 before the limit described in (b) of this subsection has been reached, and, once that limit has been reached, the date the exemption expires pursuant to (b) of this subsection.

(b) The exemption under this section expires after the last day of the calendar month immediately following the month the department determines the total amount of state sales and use tax exemptions issued under this section and RCW 82.12.994 reaches or exceeds \$14,000,000.

(6) By July 1, 2026, and every six months thereafter until the exemptions in this section and RCW 82.12.994 expire, based on the best available data, the department must report the following information to the transportation committees of the legislature:

(a) The cumulative number of vehicles that qualified for the exemption under this section and RCW 82.12.994 by month of purchase and vehicle make and model; and

(b) The dollar amount of all state retail sales and use taxes exempted under this section and RCW 82.12.994, by fiscal year. [2025 c 417 s 809.]

Tax preference performance statement—2025 c 417 ss 809 and 810:

"This section is the tax preference performance statement for the tax preferences contained in sections 809 and 810, chapter 417, Laws of

2025. This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(1) The legislature categorizes the tax preferences as ones intended to induce certain designated behavior by taxpayers, as indicated in RCW 82.32.808(2)(a).

(2) It is the legislature's specific public policy objective to increase the use of zero emission buses by transit agencies in Washington. It is the legislature's intent to extend the tax incentive available to zero emission buses to further emission reductions, as well as reductions in fine particulates, in the state.

(3) To measure the effectiveness of the tax preferences in sections 809 and 810, chapter 417, Laws of 2025 in achieving the public policy objectives described in subsection (2) of this section, the joint legislative audit and review committee must evaluate the number of zero emission transit buses titled in the state and the estimated resulting carbon emission and fine particulate reductions.

(4) In order to obtain the data necessary to perform the review in subsection (3) of this section, the department of licensing, department of revenue, and department of ecology must provide data needed for the joint legislative audit and review committee analysis. In addition to the data source described under this subsection, the joint legislative audit and review committee may use any other data it deems necessary." [2025 c 417 s 808.]

Effective date—2025 c 417 ss 101-103, 406, 701-709, 808-814, 1102, 1103, and 1305: See note following RCW 82.38.030.

Findings—Intent—2025 c 417: See note following RCW 82.38.030.