

Washington Laws and Incentives for Tax Incentives

The list below contains summaries of all Washington laws and incentives related to Tax Incentives.

State Incentives

Alternative Fuel Vehicle (AFV) Tax Exemption

New passenger cars, light-duty trucks, and medium-duty passenger vehicles that are dedicated AFVs are exempt from state motor vehicle sales and use taxes. Qualified vehicles must operate exclusively on natural gas, propane, hydrogen, or electricity; meet the California motor vehicle emissions standards; and comply with the rules of the Washington Department of Ecology. This exemption also applies to qualified used vehicles that are modified with a U.S. Environmental Protection Agency-certified aftermarket conversion, as long as the vehicle is being sold for the first time after modification. The converted vehicle must be part of a fleet of at least five vehicles owned by the same person and have an odometer reading of less than 30,000 miles. This tax exemption expires July 1, 2015. (Reference [Revised Code of Washington](#) 82.08.809 and 82.12.809)

Electric Vehicle (EV) Infrastructure and Battery Tax Exemptions

Public lands used for installing, maintaining, and operating EV infrastructure are exempt from leasehold excise taxes until January 1, 2020. Additionally, the state sales and use taxes do not apply to plug-in electric vehicle (PEV) batteries; labor and services for installing, repairing, altering, or improving PEV batteries and EV infrastructure; and the sale of property used for EV infrastructure. (Reference [Revised Code of Washington](#) 82.29A.125, 82.08.816, and 82.12.816)

Biofuels Distribution Tax Exemption

Fuel delivery vehicles, machinery, equipment, and related services that are used for the retail sale or distribution of blends of 20% biodiesel (B20) or greater or E85 motor fuel are exempt from state retail fuel sales and use taxes until July 1, 2015. (Reference [Revised Code of Washington](#) 82.08.955 and 82.12.955)

Biofuels Tax Deduction

A business and occupation tax deduction is available for the sale or distribution of biodiesel or E85 motor fuel. This deduction is available until July 1, 2015. (Reference [Revised Code of Washington](#) 82.04.4334)

Biofuels Production Tax Exemption

Qualifying buildings, equipment, and land used in the manufacturing of alcohol fuel, biodiesel, or biodiesel feedstocks, are exempt from state and local property and leasehold excise taxes for a period of six years from the date the facility or addition to the existing facility becomes operational. Applicants must submit their applications for this exemption by December 31, 2015. (Reference [Revised Code of Washington](#) 82.29A.135, 84.36.635 and 84.36.640)

Biodiesel Feedstock Tax Exemption

Waste vegetable oil, specifically cooking oil gathered from restaurants or commercial food processors, an individual uses to produce biodiesel for personal use is exempt from state sales and use taxes. (Reference [Revised Code of Washington](#) 82.08.0205 and 82.12.0205)

Idle Reduction Tax Incentives and Exemptions

Tax incentives are available for the infrastructure and services that support the use of auxiliary power for vehicles with gross vehicle weight ratings of more than 14,000 pounds through on-board or stand-alone electrification systems. These incentives include a business and occupation tax deduction and a sales and tax exemption for machinery and equipment used to provide auxiliary power at truck stops. Sales and use tax exemptions are also available for any parts and labor necessary to enable heavy-duty diesel trucks to accept power for onboard electrification systems. These exemptions expire July 1, 2015. (Reference [Revised Code of Washington](#) 82.04.4338, 82.08.815, 82.08.825, 82.15.815, and 82.12.825)

The AFDC is a resource of the U.S. Department of Energy's Clean Cities program.

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