

Alternative Fuel Vehicles and Plug-In Hybrids Tax Exemptions – Frequently Asked Questions

Summary

Engrossed Second Substitute House Bill (ESSHB) 2042 passed during the 2019 State legislative session. This reinstates the sales and use tax exemption for sales of vehicles powered by a clean alternative fuel and certain plug-in hybrids. The exemption applies to dealer and private sales of new, used, and leased vehicles sold on or after August 1, 2019.

Frequently Asked Questions

What qualifies for the sales and use tax exemptions beginning August 1, 2019?

New or used passenger cars, light duty trucks, and medium duty passenger vehicles sold on or after August 1, 2019, meeting the following requirements:

Power:

- Exclusively powered by a clean alternative fuel.
or
- Plug-in hybrids that can travel at least 30 miles on battery power alone.

Price Thresholds:

- New vehicle whose price or total lease payments is **\$45,000** or less.
or
- Used vehicles whose price or total lease payments is **\$30,000** or less.

These price thresholds include both the cost of the vehicle and the value of your trade-in, if applicable.

For example, if the cost of a new vehicle is \$48,000, and the value of your trade-in is worth \$6,000, you **cannot** receive the tax exemption. This is because even though the trade-in brought the cost of the vehicle down to \$42,000, the new vehicle was still worth over the \$45,000 limit. You cannot use a trade-in to lower the price of a vehicle to meet the exemption limits.

How do I know which vehicles qualify for the exemptions?

Look for the “Current List of qualifying vehicles models” link at:

www.dol.wa.gov/vehicleregistration/altfuel exemptions.html

Will the list include neighborhood electric vehicles?

Certain neighborhood electric vehicles can qualify as “passenger cars” if the vehicle is capable of operating upon a public highway. To be eligible, a vehicle must meet the requirements in [RCW 46.37](#) at the time of sale. The list currently lists vehicles that have previously qualified for the sales/use tax exemption; all other neighborhood electric vehicles will need to be verified on a case-by-case basis by the Department of Licensing at 360.902.3770 or titles@dol.wa.gov.

When do the sales and use tax exemptions expire?

The exemptions end on August 1, 2025.

If I qualify, how is the exemption applied?

How it's applied depends on where you buy your vehicle. If you buy it from a:

- Washington dealer, they will process the transaction without collecting the exempt taxes.
- Dealer outside of Washington or a private party, bring your paperwork to a [vehicle licensing office](#). You won't pay the exempt part of the tax.

For more information check DOR's [Incentive Programs: Deferrals, Exemptions, and Credits](#) page. Look for Renewable Energy/Green Incentives > Clean alternative fuel and plug-In hybrid vehicles - sales/use tax exemptions.

Definitions

Clean alternative fuel Electricity, dimethyl ether, hydrogen, methane, natural gas, liquefied natural gas, compressed natural gas, or propane, when used as a fuel in a motor vehicle that meets the California motor vehicle emission standards in Title 13 of the California Code of Regulations, effective January 1, 2005.

Light duty truck Any 2000 and subsequent model motor vehicle certified to the standards in Title 13, California Code of Regulations, section 1961 (a)(1) rated at 8,500 pounds gross vehicle weight or less, and any other motor vehicle rated at 6,000 pounds gross vehicle weight or less, which is designed primarily for the purposes of transportation of property or is a derivative of such vehicle, or is available with special features enabling off-street or off-highway operation and use. See WAC 173-423-040(8).

Medium duty passenger vehicle Any medium-duty vehicle with a gross vehicle weight rating of less than 10,000 pounds that is designed primarily for the transportation of persons. The medium-duty passenger vehicle definition does not include any vehicle which:

- Is an "incomplete truck," i.e., is a truck that does not have the primary load carrying device or container attached.
or
- Has a seating capacity of more than twelve persons.
or
- Is designed for more than nine persons in seating rearward of the driver's seat.
or
- Is equipped with an open cargo area of 72.0 inches in interior length or more. A covered box not readily accessible from the passenger compartment will be considered an open cargo area for the purpose of this definition. See WAC 173-423-040(9).

Passenger car

Any motor vehicle designed primarily for transportation of persons and having a design capacity of twelve persons or less. See WAC 173-423-040(13).

Plug-in hybrid

A vehicle that uses at least one method of propulsion that is capable of being reenergized by an external source of electricity. To be eligible for the exemptions, the vehicle must be capable of traveling at least thirty miles using only battery power.

Qualifying vehicle

A vehicle qualifying for the sales or use tax exemption in which the sale was made or lease agreement signed on or after August 1, 2019 and before the exemption expires.