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Sales Tax Exemption Takes Effect Jan. 1 for Alternative Fuel Vehicles, Certain Hybrids

OLYMPIA, Wash., Sept. 8, 2008 — Purchases of new clean alternative fuel vehicles and hybrids that get at least 40 miles per gallon highway will be exempt from sales tax beginning Jan. 1, 2009.

The exemption was enacted by the Legislature in 2005 with a delayed effective date. The exemption is effective through Dec. 31, 2010. It includes the 0.3 percent motor vehicle sales tax.

Qualifying vehicles include new passenger cars, light duty trucks, and medium duty passenger vehicles that:

- Are powered by clean alternative fuels such as natural gas, propane, hydrogen or electricity; or
- Use hybrid technology and have an estimated EPA highway mileage rating of at least 40 miles per gallon.

Any payment or deposit made toward the purchase of a qualifying vehicle before Jan. 1, 2009 still qualifies for the tax exemption as long as the vehicle is registered, titled, and delivered to the purchaser from Jan. 1, 2009 through Dec. 31, 2010.

The exemptions also generally apply to leases and out-of-state purchases of new qualifying vehicles. Purchases of new vehicles that the sellers convert into qualifying vehicles prior to or as part of the sale also qualify for the exemptions.

More information is available through a special notice sent to automobile dealers. The notice is available at http://dor.wa.gov/docs/pubs/specialnotices/2008/sn_08_greenvehicleexmpt.pdf.

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