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SENATE BILL 5257

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State of Washington                      64th Legislature                      2015 Regular Session

By Senators Hargrove, Hill, Hatfield, and Braun

Read first time 01/16/15. Referred to Committee on Ways & Means.

1            AN ACT Relating to providing a reduced public utility tax for log  
2 transportation businesses; amending RCW 82.16.020; reenacting and  
3 amending RCW 82.16.010; creating a new section; providing an  
4 effective date; and declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6            NEW SECTION.        **Sec. 1.**        This section is the tax preference  
7 performance statement for the tax preference contained in sections 2  
8 and 3 of this act. This performance statement is only intended to be  
9 used for subsequent evaluation of the tax preference. It is not  
10 intended to create a private right of action by any party or be used  
11 to determine eligibility for preferential tax treatment.

12            (1) The legislature categorizes this tax preference as one  
13 intended to provide tax relief for certain businesses or individuals,  
14 as indicated in RCW 82.32.808(2)(e).

15            (2) It is the legislature's specific public policy objective to  
16 support the forest products industry due in part to the industry's  
17 efforts to support the local economy by focusing on Washington state  
18 based resources thereby reducing global environmental impacts through  
19 the manufacturing and use of wood. It is the legislature's intent to  
20 provide the forest products industry permanent tax relief by lowering  
21 the public utility tax rate attributable to log transportation

1 businesses. Because this reduced public utility rate is intended to  
2 be permanent, the reduced rate established in this act is not subject  
3 to the ten-year expiration provision in RCW 82.32.805(1)(a).

4 **Sec. 2.** RCW 82.16.010 and 2009 c 535 s 1110 are each reenacted  
5 and amended to read as follows:

6 For the purposes of this chapter, unless otherwise required by  
7 the context:

8 (1) "Express business" means the business of carrying property  
9 for public hire on the line of any common carrier operated in this  
10 state, when such common carrier is not owned or leased by the person  
11 engaging in such business.

12 (2) "Gas distribution business" means the business of operating a  
13 plant or system for the production or distribution for hire or sale  
14 of gas, whether manufactured or natural.

15 (3) "Gross income" means the value proceeding or accruing from  
16 the performance of the particular public service or transportation  
17 business involved, including operations incidental thereto, but  
18 without any deduction on account of the cost of the commodity  
19 furnished or sold, the cost of materials used, labor costs, interest,  
20 discount, delivery costs, taxes, or any other expense whatsoever paid  
21 or accrued and without any deduction on account of losses.

22 (4) "Light and power business" means the business of operating a  
23 plant or system for the generation, production or distribution of  
24 electrical energy for hire or sale and/or for the wheeling of  
25 electricity for others.

26 (5) "Log transportation business" means the business of  
27 transporting logs by truck, other than exclusively upon private  
28 roads.

29 (6) "Motor transportation business" means the business (except  
30 urban transportation business) of operating any motor propelled  
31 vehicle by which persons or property of others are conveyed for hire,  
32 and includes, but is not limited to, the operation of any motor  
33 propelled vehicle as an auto transportation company (except urban  
34 transportation business), common carrier, or contract carrier as  
35 defined by RCW 81.68.010 and 81.80.010. However, "motor  
36 transportation business" does not mean or include: (a) A log  
37 transportation business; or (b) the transportation of logs or other  
38 forest products exclusively upon private roads or private highways.

1       (~~(6)~~) (7)(a) "Public service business" means any of the  
2 businesses defined in subsections (1), (2), (4), (~~(5), (7)~~) (6),  
3 (8), (9), (~~(11), and~~) (10), (12), and (13) of this section or any  
4 business subject to control by the state, or having the powers of  
5 eminent domain and the duties incident thereto, or any business  
6 hereafter declared by the legislature to be of a public service  
7 nature, except telephone business and low-level radioactive waste  
8 site operating companies as redefined in RCW 81.04.010. It includes,  
9 among others, without limiting the scope hereof: Airplane  
10 transportation, boom, dock, ferry, pipe line, toll bridge, toll  
11 logging road, water transportation and wharf businesses.

12       (b) The definitions in this subsection (~~(6)~~) (7)(b) apply  
13 throughout this subsection (~~(6)~~) (7).

14       (i) "Competitive telephone service" has the same meaning as in  
15 RCW 82.04.065.

16       (ii) "Network telephone service" means the providing by any  
17 person of access to a telephone network, telephone network switching  
18 service, toll service, or coin telephone services, or the providing  
19 of telephonic, video, data, or similar communication or transmission  
20 for hire, via a telephone network, toll line or channel, cable,  
21 microwave, or similar communication or transmission system. "Network  
22 telephone service" includes the provision of transmission to and from  
23 the site of an internet provider via a telephone network, toll line  
24 or channel, cable, microwave, or similar communication or  
25 transmission system. "Network telephone service" does not include the  
26 providing of competitive telephone service, the providing of cable  
27 television service, the providing of broadcast services by radio or  
28 television stations, nor the provision of internet access as defined  
29 in RCW 82.04.297, including the reception of dial-in connection,  
30 provided at the site of the internet service provider.

31       (iii) "Telephone business" means the business of providing  
32 network telephone service. It includes cooperative or farmer line  
33 telephone companies or associations operating an exchange.

34       (iv) "Telephone service" means competitive telephone service or  
35 network telephone service, or both, as defined in (b)(i) and (ii) of  
36 this subsection.

37       (~~(7)~~) (8) "Railroad business" means the business of operating  
38 any railroad, by whatever power operated, for public use in the  
39 conveyance of persons or property for hire. It shall not, however,

1 include any business herein defined as an urban transportation  
2 business.

3 ~~((+8))~~ (9) "Railroad car business" means the business of  
4 operating stock cars, furniture cars, refrigerator cars, fruit cars,  
5 poultry cars, tank cars, sleeping cars, parlor cars, buffet cars,  
6 tourist cars, or any other kinds of cars used for transportation of  
7 property or persons upon the line of any railroad operated in this  
8 state when such railroad is not owned or leased by the person  
9 engaging in such business.

10 ~~((+9))~~ (10) "Telegraph business" means the business of affording  
11 telegraphic communication for hire.

12 ~~((+10))~~ (11) "Tugboat business" means the business of operating  
13 tugboats, towboats, wharf boats or similar vessels in the towing or  
14 pushing of vessels, barges or rafts for hire.

15 ~~((+11))~~ (12) "Urban transportation business" means the business  
16 of operating any vehicle for public use in the conveyance of persons  
17 or property for hire, insofar as (a) operating entirely within the  
18 corporate limits of any city or town, or within five miles of the  
19 corporate limits thereof, or (b) operating entirely within and  
20 between cities and towns whose corporate limits are not more than  
21 five miles apart or within five miles of the corporate limits of  
22 either thereof. Included herein, but without limiting the scope  
23 hereof, is the business of operating passenger vehicles of every type  
24 and also the business of operating cartage, pickup, or delivery  
25 services, including in such services the collection and distribution  
26 of property arriving from or destined to a point within or without  
27 the state, whether or not such collection or distribution be made by  
28 the person performing a local or interstate line-haul of such  
29 property.

30 ~~((+12))~~ (13) "Water distribution business" means the business of  
31 operating a plant or system for the distribution of water for hire or  
32 sale.

33 ~~((+13))~~ (14) The meaning attributed, in chapter 82.04 RCW, to  
34 the term "tax year," "person," "value proceeding or accruing,"  
35 "business," "engaging in business," "in this state," "within this  
36 state," "cash discount" and "successor" shall apply equally in the  
37 provisions of this chapter.

38 **Sec. 3.** RCW 82.16.020 and 2013 2nd sp.s. c 9 s 7 are each  
39 amended to read as follows:

1 (1) There is levied and (~~there shall be~~) collected from every  
2 person a tax for the act or privilege of engaging within this state  
3 in any one or more of the businesses herein mentioned. The tax  
4 (~~shall be~~) is equal to the gross income of the business, multiplied  
5 by the rate set out after the business, as follows:

6 (a) Express, sewerage collection, and telegraph businesses: Three  
7 and six-tenths percent;

8 (b) Light and power business: Three and sixty-two one-hundredths  
9 percent;

10 (c) Gas distribution business: Three and six-tenths percent;

11 (d) Urban transportation business: Six-tenths of one percent;

12 (e) Vessels under sixty-five feet in length, except tugboats,  
13 operating upon the waters within the state: Six-tenths of one  
14 percent;

15 (f) Motor transportation, railroad, railroad car, and tugboat  
16 businesses, and all public service businesses other than ones  
17 mentioned above: One and eight-tenths of one percent;

18 (g) Water distribution business: Four and seven-tenths percent;

19 (h) Log transportation business: One and twenty-eight one-  
20 hundredths percent. The reduced rate established in this subsection  
21 (1)(h) is not subject to the ten-year expiration provision in RCW  
22 82.32.805(1)(a).

23 (2) An additional tax is imposed equal to the rate specified in  
24 RCW 82.02.030 multiplied by the tax payable under subsection (1) of  
25 this section.

26 (3) Twenty percent of the moneys collected under subsection (1)  
27 of this section on water distribution businesses and sixty percent of  
28 the moneys collected under subsection (1) of this section on sewerage  
29 collection businesses (~~shall~~) must be deposited in the education  
30 legacy trust account created in RCW 83.100.230 from July 1, 2013,  
31 through June 30, 2019, and thereafter in the public works assistance  
32 account created in RCW 43.155.050.

33 NEW SECTION. Sec. 4. This act is necessary for the immediate  
34 preservation of the public peace, health, or safety, or support of  
35 the state government and its existing public institutions, and takes  
36 effect July 1, 2015.

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