

HOUSE BILL REPORT

HB 2593

As Passed House:

February 9, 1996

Title: An act relating to taxation of railroad-related businesses.

Brief Description: Changing the taxation of railroad-related businesses.

Sponsors: Representatives Schoesler, Mason, B. Thomas and Boldt; by request of Department of Revenue.

Brief History:

Committee Activity:

Finance: 1/31/96, 2/5/96 [DP].

Floor Activity:

Passed House: 2/9/96, 91-0.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 12 members: Representatives B. Thomas, Chairman; Carrell, Vice Chairman; Boldt, Vice Chairman; Morris, Ranking Minority Member; Dickerson, Assistant Ranking Minority Member; Hymes; Mason; Mulliken; Pennington; Schoesler; Sheldon and Van Luven.

Staff: Rick Peterson (786-7150).

Background: Public and privately-owned utilities, such as power and light, natural gas, and water distribution companies, pay a gross receipts public utility tax instead of the Business and Occupation (B&O) tax. Railroads, airlines, and trucking companies are also taxed under the public utility tax.

The principal difference between the B&O and public utility taxes is a higher rate schedule applied under the public utility tax. Although many businesses subject to public utility tax are also subject to regulation by the Utilities and Transportation Commission, there is no direct connection between regulatory status and tax status.

Public utility tax rates are as follows: