
HOUSE BILL 2486

State of Washington

55th Legislature

1998 Regular Session

By Representatives Morris, B. Thomas, Dunshee and Kastama; by request of Department of Revenue

Read first time 01/14/98. Referred to Committee on Finance.

1 AN ACT Relating to the ad valorem taxation of vessels or ferries
2 used for the conveyance for compensation of either persons or property,
3 or both, between fixed termini or over a regular route; amending RCW
4 84.12.200, 84.12.280, 84.12.330, 84.12.360, 84.36.080, and 84.40.036;
5 and providing an effective date.

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

7 **Sec. 1.** RCW 84.12.200 and 1994 c 124 s 13 are each amended to read
8 as follows:

9 For the purposes of this chapter and unless otherwise required by
10 the context:

11 (1) "Department" without other designation means the department of
12 revenue of the state of Washington.

13 (2) "Railroad company" means and includes any person owning or
14 operating a railroad, street railway, suburban railroad or interurban
15 railroad in this state, whether its line of railroad be maintained at
16 the surface, or above or below the surface of the earth, or by whatever
17 power its vehicles are transported; or owning any station, depot,
18 terminal or bridge for railroad purposes, as owner, lessee or
19 otherwise.

1 (3) "Airplane company" means and includes any person owning,
2 controlling, operating or managing real or personal property, used or
3 to be used for or in connection with or to facilitate the conveyance
4 and transportation of persons and/or property by aircraft, and engaged
5 in the business of transporting persons and/or property for
6 compensation, as owner, lessee or otherwise.

7 (4) "Electric light and power company" means and includes any
8 person owning, controlling, operating or managing real or personal
9 property, used or to be used for or in connection with or to facilitate
10 the generation, transmission or distribution of electricity in this
11 state, and engaged in the business of furnishing, transmitting,
12 distributing or generating electrical energy for light, heat or power
13 for compensation as owner, lessee or otherwise.

14 (5) "Telegraph company" means and includes any person owning,
15 controlling, operating or managing any telegraph or cable line in this
16 state, with appliances for the transmission of messages, and engaged in
17 the business of furnishing telegraph service for compensation, as
18 owner, lessee or otherwise.

19 (6) "Telephone company" means and includes any person owning,
20 controlling, operating or managing real or personal property, used or
21 to be used for or in connection with or to facilitate the transmission
22 of communication by telephone in this state-owned or controlled
23 exchanges and/or switchboards, and engaged in the business of
24 furnishing telephonic communication for compensation as owner, lessee
25 or otherwise.

26 (7) "Gas company" means and includes any person owning,
27 controlling, operating or managing real or personal property, used or
28 to be used for or in connection with or to facilitate the manufacture,
29 transportation, or distribution of natural or manufactured gas in this
30 state, and engaged for compensation in the business of furnishing gas
31 for light, heat, power or other use, as owner, lessee or otherwise.

32 (8) "Pipe line company" means and includes any person owning,
33 controlling, operating or managing real or personal property, used or
34 to be used for or in connection with or to facilitate the conveyance or
35 transportation of oils, natural or manufactured gas and/or other
36 substances, except water, by pipe line in this state, and engaged in
37 such business for compensation, as owner, lessee or otherwise.

38 (9) (~~"Steamboat company" means and includes any person owning,~~
39 ~~controlling, operating or managing real or personal property, used or~~

1 to be used for or in connection with or to facilitate the conveyance
2 and transportation of persons and/or property by vessel or ferry, upon
3 the waters within this state, including the rivers and lakes and Puget
4 Sound, between fixed termini or over a regular route, and engaged in
5 the business of transporting persons and/or property for compensation
6 as owner, lessee or otherwise.

7 ~~((10))~~ (10) "Logging railroad company" means and includes any person
8 owning, controlling, operating or managing real or personal property,
9 used or to be used for or in connection with or to facilitate the
10 conveyance and transportation of forest products by rail in this state,
11 and engaged in the business of transporting forest products either as
12 private carrier or carrier for hire.

13 ~~((11))~~ (11) "Person" means and includes any individual, firm,
14 copartnership, joint venture, association, corporation, trust, or any
15 other group acting as a unit, whether mutual, cooperative or otherwise,
16 and/or trustees or receivers appointed by any court.

17 ~~((12))~~ (12) "Company" means and includes any railroad company,
18 ~~((motor vehicle transportation company,))~~ airplane company, electric
19 light and power company, telegraph company, telephone company, gas
20 company, pipe line company, ~~((steamboat company,))~~ or logging railroad
21 company; and the term "companies" means and includes all of such
22 companies.

23 ~~((13))~~ (13) "Operating property" means and includes all property,
24 real and personal, owned by any company, or held by it as occupant,
25 lessee or otherwise, including all franchises and lands, buildings,
26 rights-of-way, water powers, motor vehicles, wagons, horses, aircraft,
27 aerodromes, hangars, office furniture, water mains, gas mains, pipe
28 lines, pumping stations, tanks, tank farms, holders, reservoirs,
29 telephone lines, telegraph lines, transmission and distribution lines,
30 dams, generating plants, poles, wires, cables, conduits, switch boards,
31 devices, appliances, instruments, equipment, machinery, ~~((vessels,
32 ferries,))~~ landing slips, docks, roadbeds, tracks, terminals, rolling
33 stock equipment, appurtenances and all other property of a like or
34 different kind, situate within the state of Washington, used by the
35 company in the conduct of its operations; and, in case of personal
36 property used partly within and partly without the state, it means and
37 includes a proportion of such personal property to be determined as in
38 this chapter provided.

1 (~~(14)~~) (13) "Nonoperating property" means all physical property
2 owned by any company, other than that used during the preceding
3 calendar year in the conduct of its operations. It includes all lands
4 and/or buildings wholly used by any person other than the owning
5 company. In cases where lands and/or buildings are used partially by
6 the owning company in the conduct of its operations and partially by
7 any other person not assessable under this chapter under lease,
8 sublease, or other form of tenancy, the operating and nonoperating
9 property of the company whose property is assessed hereunder shall be
10 determined by the department of revenue in such manner as will, in its
11 judgment, secure the separate valuation of such operating and
12 nonoperating property upon a fair and equitable basis. The amount of
13 operating revenue received from tenants or occupants of property of the
14 owning company shall not be considered material in determining the
15 classification of such property.

16 **Sec. 2.** RCW 84.12.280 and 1997 c 3 s 114 are each amended to read
17 as follows:

18 (1) In making the assessment of the operating property of any
19 railroad or logging railroad company and in the apportionment of the
20 values and the taxation thereof, all land occupied and claimed
21 exclusively as the right-of-way for railroads, with all the tracks and
22 substructures and superstructures which support the same, together with
23 all side tracks, second tracks, turn-outs, station houses, depots,
24 round houses, machine shops, or other buildings belonging to the
25 company, used in the operation thereof, without separating the same
26 into land and improvements, shall be assessed as real property. And
27 the rolling stock and other movable property belonging to any railroad
28 or logging railroad company shall be considered as personal property
29 and taxed as such: PROVIDED, That all of the operating property of
30 street railway companies shall be assessed and taxed as personal
31 property.

32 (2) All of the operating property of airplane companies, telegraph
33 companies, pipe line companies, (~~water companies and toll bridge~~
34 ~~companies; the floating equipment of steamboat companies,~~) and all of
35 the operating property other than lands and buildings of electric light
36 and power companies, telephone companies, and gas companies (~~and~~
37 ~~heating companies~~) shall be assessed and taxed as personal property.

1 (3) Notwithstanding subsections (1) and (2) of this section, the
2 limit provided under RCW 84.40.0305 shall be applied in the assessment
3 of property under this section to the same extent as that limit is
4 generally applied to property not assessed under this chapter.

5 **Sec. 3.** RCW 84.12.330 and 1997 c 3 s 116 are each amended to read
6 as follows:

7 Upon the assessment roll shall be placed after the name of each
8 company a general description of the operating property of the company,
9 which shall be considered sufficient if described in the language of
10 RCW 84.12.200(~~(+13+)~~) (12), as applied to the company, following which
11 shall be entered the assessed value of the operating property as
12 determined by the department of revenue. No assessment shall be
13 invalidated by reason of a mistake in the name of the company assessed,
14 or the omission of the name of the owner or by the entry as owner of a
15 name other than that of the true owner. When the department of revenue
16 shall have prepared the assessment roll and entered thereon the
17 assessed value of the operating property of the company, as herein
18 required, it shall notify the company by mail of the valuation
19 determined by it and entered upon the roll.

20 **Sec. 4.** RCW 84.12.360 and 1997 c 3 s 118 are each amended to read
21 as follows:

22 The value of the operating property assessed to a company, as fixed
23 and determined by the department of revenue, shall be apportioned by
24 the department of revenue to the respective counties and to the taxing
25 districts thereof wherein such property is located in the following
26 manner:

27 (1) Property of all railroad companies other than street railroad
28 companies, telegraph companies and pipe line companies--upon the basis
29 of that proportion of the value of the total operating property within
30 the state which the mileage of track, as classified by the department
31 of revenue (in case of railroads), mileage of wire (in the case of
32 telegraph companies), and mileage of pipe line (in the case of pipe
33 line companies) within each county or taxing district bears to the
34 total mileage thereof within the state, at the end of the calendar year
35 last past. For the purpose of such apportionment the department may
36 classify railroad track.

1 (2) Property of street railroad companies, telephone companies,
2 electric light and power companies, and gas companies(~~(, water~~
3 ~~companies, heating companies and toll bridge companies)~~)--upon the
4 basis of relative value of the operating property within each county
5 and taxing district to the value of the total operating property within
6 the state to be determined by such factors as the department of revenue
7 shall deem proper.

8 (3) Planes or other aircraft of airplane companies (~~(and watercraft~~
9 ~~of steamboat companies)~~)--upon the basis of such factor or factors of
10 allocation, to be determined by the department of revenue, as will
11 secure a substantially fair and equitable division between counties and
12 other taxing districts.

13 All other property of airplane companies (~~(and steamboat~~
14 ~~companies)~~)--upon the basis set forth in subsection (2) of this
15 section.

16 The basis of apportionment with reference to all public utility
17 companies above prescribed shall not be deemed exclusive and the
18 department of revenue in apportioning values of such companies may also
19 take into consideration such other information, facts, circumstances,
20 or allocation factors as will enable it to make a substantially just
21 and correct valuation of the operating property of such companies
22 within the state and within each county thereof.

23 **Sec. 5.** RCW 84.36.080 and 1986 c 229 s 1 are each amended to read
24 as follows:

25 (1) All ships and vessels which are exempt from excise tax under
26 subsection (2) of RCW 82.49.020 and excepted from the registration
27 requirements of subsection (10) of RCW 88.02.030 shall be and are
28 hereby made exempt from all ad valorem taxes, except taxes levied for
29 any state purpose.

30 (2) All ships and vessels listed in the state or federal register
31 of historical places are exempt from all ad valorem taxes.

32 **Sec. 6.** RCW 84.40.036 and 1986 c 229 s 2 are each amended to read
33 as follows:

34 (1) As used in this section, "apportionable vessel" means a ship or
35 vessel(~~(, other than one operated by a steamboat company as defined in~~
36 ~~RCW 84.12.2007)~~) which is:

37 (a) Engaged in interstate commerce;

1 (b) Engaged in foreign commerce; and/or

2 (c) Engaged exclusively in fishing, tendering, harvesting, and/or
3 processing seafood products on the high seas or waters under the
4 jurisdiction of other states.

5 (2) The value of each apportionable vessel shall be apportioned to
6 this state based on the number of days or fractions of days that the
7 vessel is within this state during the preceding calendar year:
8 PROVIDED, That if the total number of days the vessel is within the
9 limits of the state does not exceed one hundred twenty for the
10 preceding calendar year, no value shall be apportioned to this state.
11 For the purposes of this subsection (2), a fraction of a day means more
12 than sixteen hours in a calendar day.

13 (3) (~~Days~~) Time during which an apportionable vessel is in the
14 state (~~exclusively~~) for one or more of the following purposes shall
15 not be considered as (~~days~~) time within this state, if the length of
16 time is reasonable for the purpose:

17 (a) Undergoing repair or alteration;

18 (b) Taking on or discharging cargo, passengers, or supplies; and

19 (c) Serving as a tug for a vessel under (a) or (b) of this
20 subsection.

21 (4) Days during which an apportionable vessel leaves this state
22 only while navigating the high seas in order to travel between points
23 in this state shall be considered as days within this state.

24 NEW SECTION. **Sec. 7.** This act takes effect January 1, 1999.

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