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**SUBSTITUTE SENATE BILL 6259**

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**State of Washington**

**63rd Legislature**

**2014 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Hargrove, Hatfield, Braun, and Hobbs)

READ FIRST TIME 01/30/14.

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; and providing an  
4 effective date.

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 to  
11 determine eligibility for preferential tax treatment.

12        (1) The legislature categorizes this tax preference as one intended  
13 to provide tax relief for certain businesses or individuals, as  
14 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

1 provide the forest products industry permanent tax relief by lowering  
2 the public utility tax rate attributable to log transportation  
3 businesses. Because this reduced public utility rate is intended to be  
4 permanent, the reduced rate established in this act is not subject to  
5 the ten-year expiration provision in RCW 82.32.805(1)(a).

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

8 For the purposes of this chapter, unless otherwise required by the  
9 context:

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

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

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

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

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

30 (6) "Motor transportation business" means the business (except  
31 urban transportation business) of operating any motor propelled vehicle  
32 by which persons or property of others are conveyed for hire, and  
33 includes, but is not limited to, the operation of any motor propelled  
34 vehicle as an auto transportation company (except urban transportation  
35 business), common carrier, or contract carrier as defined by RCW  
36 81.68.010 and 81.80.010. However, "motor transportation business" does

1 not mean or include: (a) A log transportation business; or (b) the  
2 transportation of logs or other forest products exclusively upon  
3 private roads or private highways.

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

15 (b) The definitions in this subsection ~~((+6+))~~ (7)(b) apply  
16 throughout this subsection ~~((+6+))~~ (7).

17 (i) "Competitive telephone service" has the same meaning as in RCW  
18 82.04.065.

19 (ii) "Network telephone service" means the providing by any person  
20 of access to a telephone network, telephone network switching service,  
21 toll service, or coin telephone services, or the providing of  
22 telephonic, video, data, or similar communication or transmission for  
23 hire, via a telephone network, toll line or channel, cable, microwave,  
24 or similar communication or transmission system. "Network telephone  
25 service" includes the provision of transmission to and from the site of  
26 an internet provider via a telephone network, toll line or channel,  
27 cable, microwave, or similar communication or transmission system.  
28 "Network telephone service" does not include the providing of  
29 competitive telephone service, the providing of cable television  
30 service, the providing of broadcast services by radio or television  
31 stations, nor the provision of internet access as defined in RCW  
32 82.04.297, including the reception of dial-in connection, provided at  
33 the site of the internet service provider.

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

37 (iv) "Telephone service" means competitive telephone service or

1 network telephone service, or both, as defined in (b)(i) and (ii) of  
2 this subsection.

3 ~~((+7))~~ (8) "Railroad business" means the business of operating any  
4 railroad, by whatever power operated, for public use in the conveyance  
5 of persons or property for hire. It shall not, however, include any  
6 business herein defined as an urban transportation business.

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

14 ~~((+9))~~ (10) "Telegraph business" means the business of affording  
15 telegraphic communication for hire.

16 ~~((+10))~~ (11) "Tugboat business" means the business of operating  
17 tugboats, towboats, wharf boats or similar vessels in the towing or  
18 pushing of vessels, barges or rafts for hire.

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

33 ~~((+12))~~ (13) "Water distribution business" means the business of  
34 operating a plant or system for the distribution of water for hire or  
35 sale.

36 ~~((+13))~~ (14) The meaning attributed, in chapter 82.04 RCW, to the  
37 term "tax year," "person," "value proceeding or accruing," "business,"

1 "engaging in business," "in this state," "within this state," "cash  
2 discount" and "successor" shall apply equally in the provisions of this  
3 chapter.

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

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

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

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

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

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

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

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

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

23 (h) Log transportation business: One and twenty-eight one-  
24 hundredths percent. The reduced rate established in this subsection  
25 (1)(h) is not subject to the ten-year expiration provision in RCW  
26 82.32.805(1)(a).

27 (2) An additional tax is imposed equal to the rate specified in RCW  
28 82.02.030 multiplied by the tax payable under subsection (1) of this  
29 section.

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

1 account created in RCW 43.155.050.

2 NEW SECTION. **Sec. 4.** This act takes effect July 1, 2014.

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