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**SUBSTITUTE SENATE BILL 6435**

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**State of Washington**

**56th Legislature**

**2000 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators Brown, Rossi, B. Sheldon, Hochstatter, Rasmussen, T. Sheldon, Roach, Goings, Zarelli, Sheahan and West)

Read first time 02/08/2000.

1 AN ACT Relating to clarifying the taxation of electrical energy  
2 sales; amending RCW 82.16.050 and 82.04.310; and declaring an  
3 emergency.

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

5 **Sec. 1.** RCW 82.16.050 and 1994 c 124 s 12 are each amended to read  
6 as follows:

7 In computing tax there may be deducted from the gross income the  
8 following items:

9 (1) Amounts derived by municipally owned or operated public service  
10 businesses, directly from taxes levied for the support or maintenance  
11 thereof: PROVIDED, That this section shall not be construed to exempt  
12 service charges which are spread on the property tax rolls and  
13 collected as taxes;

14 (2) Amounts derived from the sale of commodities to persons in the  
15 same public service business as the seller, for resale as such within  
16 this state. This deduction is allowed only with respect to water  
17 distribution, (~~light and power,~~) gas distribution or other public  
18 service businesses which furnish water, (~~electrical energy,~~) gas or  
19 any other commodity in the performance of public service businesses;

1 (3) Amounts actually paid by a taxpayer to another person taxable  
2 under this chapter as the latter's portion of the consideration due for  
3 services furnished jointly by both, if the total amount has been  
4 credited to and appears in the gross income reported for tax by the  
5 former;

6 (4) The amount of cash discount actually taken by the purchaser or  
7 customer;

8 (5) The amount of credit losses actually sustained by taxpayers  
9 whose regular books of accounts are kept upon an accrual basis;

10 (6) Amounts derived from business which the state is prohibited  
11 from taxing under the Constitution of this state or the Constitution or  
12 laws of the United States;

13 (7) Amounts derived from the distribution of water through an  
14 irrigation system, for irrigation purposes;

15 (8) Amounts derived from the transportation of commodities from  
16 points of origin in this state to final destination outside this state,  
17 or from points of origin outside this state to final destination in  
18 this state, with respect to which the carrier grants to the shipper the  
19 privilege of stopping the shipment in transit at some point in this  
20 state for the purpose of storing, manufacturing, milling, or other  
21 processing, and thereafter forwards the same commodity, or its  
22 equivalent, in the same or converted form, under a through freight rate  
23 from point of origin to final destination; and amounts derived from the  
24 transportation of commodities from points of origin in the state to an  
25 export elevator, wharf, dock or ship side on tidewater or navigable  
26 tributaries thereto from which such commodities are forwarded, without  
27 intervening transportation, by vessel, in their original form, to  
28 interstate or foreign destinations: PROVIDED, That no deduction will  
29 be allowed when the point of origin and the point of delivery to such  
30 an export elevator, wharf, dock, or ship side are located within the  
31 corporate limits of the same city or town;

32 (9) Amounts derived from the production, sale, or transfer of  
33 electrical energy for resale within or outside the state or for  
34 consumption outside the state;

35 (10) Amounts derived from the distribution of water by a nonprofit  
36 water association and used for capital improvements by that nonprofit  
37 water association;

1 (11) Amounts paid by a sewerage collection business taxable under  
2 RCW 82.16.020(1)(a) to a person taxable under chapter 82.04 RCW for the  
3 treatment or disposal of sewage.

4 **Sec. 2.** RCW 82.04.310 and 1989 c 302 s 202 are each amended to  
5 read as follows:

6 (1) This chapter shall not apply to any person in respect to a  
7 business activity with respect to which tax liability is specifically  
8 imposed under the provisions of chapter 82.16 RCW including amounts  
9 derived from (~~the sale of commodities~~) activities for which a  
10 deduction is allowed under RCW 82.16.050.

11 (2) This chapter does not apply to amounts received by any person  
12 for the sale of electrical energy for resale within or outside the  
13 state.

14 NEW SECTION. **Sec. 3.** (1) Section 1 of this act is necessary for  
15 the immediate preservation of the public peace, health, or safety, or  
16 support of the state government and its existing public institutions,  
17 and takes effect immediately.

18 (2) Section 1 of this act applies to all amounts due prior to and  
19 after the effective date of section 1 of this act.

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