



PROPOSED STUDY QUESTIONS

Interstate Commercial Transportation (Public Utility Tax)

Four tax preferences exempt certain portions of gross income of transportation businesses from public utility tax (PUT).

Interstate Transportation - In-State Portion

RCW 82.16.050

Truck, rail, and some water carriers are not subject to PUT on the in-state portion of the interstate transportation.

Wholly in-state transportation is subject to PUT.



Interstate Transportation - Through Freight RCW 82.16.050(8)

PUT deduction for in-state portion
of interstate shipments of
commodities:

- Stop in WA for storage, processing, or manufacturing.
- Transported to final destination.



Interstate Transportation - Shipments to Ports RCW 82.16.050(9)

PUT deduction for transporting commodities that originate in Washington directly to a WA port. Commodities are then transported by vessel out of state.



International destination



Shipping Farm Products to Port RCW 82.16.050(10)

Preference concerns transportation of WA agricultural commodities that are shipped by vessel out of state.

PUT exemption for shipment to interim storage facility in Washington.



Citizen Commission recommended economic impact study after previous JLARC reviews

2010 JLARC review of 3 preferences found they were no longer required by the U.S. Constitution.

Citizen Commission recommended an economic impact study.

To date, no state entity has completed this type of analysis.

Commission scheduled another review to understand the economic impacts of terminating these preferences.



Study will address 3 questions

- 1 Has there been any legislative action related to these preferences since 2010, and are the Legislative Auditor's previous conclusions and recommendations still applicable to current circumstances?
- 2 What are the potential economic impacts on taxpayers, related industries, and tax revenues if these activities were no longer tax exempt?
- 3 How does Washington's taxation of these transportation activities compare to other states, and how might this comparison change if these activities were no longer exempt?



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