
SENATE BILL 5309

State of Washington

68th Legislature

2023 Regular Session

By Senators Lovelett and Rolfes

1 AN ACT Relating to eliminating the state public utility tax
2 deduction for the instate portion of interstate transport of
3 petroleum products and crude oil; amending RCW 82.16.050; and
4 creating a new section.

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

6 **Sec. 1.** RCW 82.16.050 and 2022 c 16 s 162 are each amended to
7 read as follows:

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

10 (1) Amounts derived by municipally owned or operated public
11 service businesses, directly from taxes levied for the support or
12 maintenance thereof. This subsection may not be construed to exempt
13 service charges which are spread on the property tax rolls and
14 collected as taxes;

15 (2) Amounts derived from the sale of commodities to persons in
16 the same public service business as the seller, for resale as such
17 within this state. This deduction is allowed only with respect to
18 water distribution, gas distribution or other public service
19 businesses which furnish water, gas or any other commodity in the
20 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
3 for 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
7 or customer;

8 (5) The amount of bad debts, as that term is used in 26 U.S.C.
9 Sec. 166, as amended or renumbered as of January 1, 2003, on which
10 tax was previously paid under this chapter;

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

14 (7) Amounts derived from the distribution of water through an
15 irrigation system, for irrigation purposes other than the irrigation
16 of cannabis as defined under RCW 69.50.101;

17 (8) Amounts derived from the transportation of commodities from
18 points of origin in this state to final destination outside this
19 state, or from points of origin outside this state to final
20 destination in this state, with respect to which the carrier grants
21 to the shipper the privilege of stopping the shipment in transit at
22 some point in this state for the purpose of storing, manufacturing,
23 milling, or other processing, and thereafter forwards the same
24 commodity, or its equivalent, in the same or converted form, under a
25 through freight rate from point of origin to final destination. This
26 subsection does not apply to the transportation of petroleum
27 products, as defined in RCW 82.21.020, or crude oil;

28 (9) Amounts derived from the transportation of commodities from
29 points of origin in the state to an export elevator, wharf, dock or
30 ship side on tidewater or its navigable tributaries to be forwarded,
31 without intervening transportation, by vessel, in their original
32 form, to interstate or foreign destinations. No deduction is allowed
33 under this subsection when the point of origin and the point of
34 delivery to the export elevator, wharf, dock, or ship side are
35 located within the corporate limits of the same city or town. This
36 subsection does not apply to the transportation of petroleum
37 products, as defined in RCW 82.21.020, or crude oil;

38 (10) Amounts derived from the transportation of agricultural
39 commodities, not including manufactured substances or articles, from
40 points of origin in the state to interim storage facilities in this

1 state for transshipment, without intervening transportation, to an
2 export elevator, wharf, dock, or ship side on tidewater or its
3 navigable tributaries to be forwarded, without intervening
4 transportation, by vessel, in their original form, to interstate or
5 foreign destinations. If agricultural commodities are transshipped
6 from interim storage facilities in this state to storage facilities
7 at a port on tidewater or its navigable tributaries, the same
8 agricultural commodity dealer must operate both the interim storage
9 facilities and the storage facilities at the port.

10 (a) The deduction under this subsection is available only when
11 the person claiming the deduction obtains a certificate from the
12 agricultural commodity dealer operating the interim storage
13 facilities, in a form and manner prescribed by the department,
14 certifying that:

15 (i) More than ninety-six percent of all of the type of
16 agricultural commodity delivered by the person claiming the deduction
17 under this subsection and delivered by all other persons to the
18 dealer's interim storage facilities during the preceding calendar
19 year was shipped by vessel in original form to interstate or foreign
20 destinations; and

21 (ii) Any of the agricultural commodity that is transshipped to
22 ports on tidewater or its navigable tributaries will be received at
23 storage facilities operated by the same agricultural commodity dealer
24 and will be shipped from such facilities, without intervening
25 transportation, by vessel, in their original form, to interstate or
26 foreign destinations.

27 (b) As used in this subsection, "agricultural commodity" has the
28 same meaning as agricultural product in RCW 82.04.213;

29 (11) Amounts derived from the production, sale, or transfer of
30 electrical energy for resale within or outside the state or for
31 consumption outside the state;

32 (12) Amounts derived from the distribution of water by a
33 nonprofit water association and used for capital improvements by that
34 nonprofit water association;

35 (13) Amounts paid by a sewerage collection business taxable under
36 RCW 82.16.020(1)(a) to a person taxable under chapter 82.04 RCW for
37 the treatment or disposal of sewage;

38 (14) Amounts derived from fees or charges imposed on persons for
39 transit services provided by a public transportation agency. For the
40 purposes of this subsection, "public transportation agency" means a

1 municipality, as defined in RCW 35.58.272, and urban public
2 transportation systems, as defined in RCW 47.04.082. Public
3 transportation agencies must spend an amount equal to the reduction
4 in tax provided by this tax deduction solely to adjust routes to
5 improve access for citizens using food banks and senior citizen
6 services or to extend or add new routes to assist low-income citizens
7 and seniors.

8 NEW SECTION. **Sec. 2.** This act applies to amounts received on or
9 after October 1, 2023.

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